

CENSUS DATA AND ITS USE IN THE DEVELOPMENT PROCESS

HEARING

BEFORE THE
SUBCOMMITTEE ON INFORMATION POLICY,
CENSUS, AND NATIONAL ARCHIVES
OF THE
COMMITTEE ON OVERSIGHT
AND GOVERNMENT REFORM
HOUSE OF REPRESENTATIVES
ONE HUNDRED TENTH CONGRESS

FIRST SESSION

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CENSUS DATA AND ITS USE IN THE DEVELOPMENT PROCESS

MONDAY, OCTOBER 29, 2007

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON INFORMATION POLICY, CENSUS, AND
NATIONAL ARCHIVES,
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
Dayton, OH.

The subcommittee met, pursuant to notice, at 11:05 a.m., at the John W. Beery, Sr. Wright Brothers Aviation Center, 1000 Carillon Boulevard, Dayton, OH, Hon. Wm. Lacy Clay (chairman of the subcommittee) presiding.

Present: Representatives Clay and Turner.

Staff present: Darryl Piggee, staff director/counsel; Alissa Bonner, professional staff member; Nidia Salazar, staff assistant; Michael Wiehe, legislative director for Representative Turner; and Chas Phillips, minority counsel.

Mr. CLAY. The subcommittee will come to order. And let me thank my ranking member, Congressman Mike Turner, for this invitation to come to Dayton. We certainly appreciate the opportunity to be here. We certainly appreciate the hospitality, and the—the historic significance of this community speaks volumes about this community, and how—and the confidence that they put in my colleague, Mr. Turner, to represent them in Washington. And I am so happy to have been invited, and to be able to conduct this hearing here.

Welcome to the Information Policy, Census, and National Archives Subcommittee hearing. And this hearing will come at the topic of census data and issues in the development process. Hearing no objection, the chair and ranking member will each have 5 minutes to make opening statements. And all Members will have 3 days to submit statements for the record.

And I'll begin with the opening statement, and welcome you again to the day's hearing on census data and its use in the development process. Because of Congressman Turner's work on community development, as Mayor of Dayton, a Member of Congress and chair of the subcommittee, Dayton is an ideal place to discuss today's topic. And I commend him for his work in this area.

Today we will discuss, one, the impact of the accuracy of census data on community development; and, two, how census data is used in community development programs; and, three, how stakeholders in the community develop a process—processes to use census data in their decisionmaking.

The Census Bureau conducts over 100 surveys every year, in addition to the decennial census. Data from the decennial census is used for the apportionment of congressional seats, managing Federal agencies, and allocating Federal funds. Over \$300 billion is allocated based on data collected by the Census Bureau. Estimates published under the Population Estimates Program alone are used to distribute over \$100 billion in Federal funding, and to determine eligibility for social programs that are based on population. Thus, undercounts can significantly reduce funding for States and localities. One study conducted for the U.S. Census Monitoring Board predicted that the undercount for the 2000 census would cost States \$4.1 billion in Federal funding. A GAO study conducted in 2003 found that correcting population estimates for the 2000 census would redistribute about \$380 million in Federal funding for Medicaid, Foster Care, Adoption Assistance, and the Social Services Block Grant.

It is my hope, that the testimony received, and the discussions that follows will yield constructive suggestions for improving the accuracy of census data, to reduce funding discrepancies, and the usefulness of census data to stakeholders. We will hear from two expert panels here today, who will share their thoughts on how this great task can be accomplished in the most efficient and effective manner.

And now, I will recognize my friend and colleague, the ranking member of the subcommittee, Mike Turner. Thank you.

[The prepared statement of Hon. Wm. Lacy Clay follows:]

Opening Statement of Rep. Wm. Lacy Clay, Chairman

Hearing on “Census Data and Its Use in the Development Process “

House Oversight and Government Reform Subcommittee on Information Policy, Census,
and National Archives

October 29, 2007

Good morning and welcome to today’s hearing on census data and its used in the development process.

I thank my colleague and friend, Mike Turner, the Ranking Member of the Subcommittee on Information Policy, Census, and National Archives, for agreeing to host this hearing in his district. Because of Congressman Turner’s work on community development, as Mayor of Dayton, Member of Congress, and Chair of this subcommittee, Dayton is an ideal place to discuss today’s topic. I commend him for his work in this area.

Today we will discuss (1) the impact of the accuracy of census data on community development; (2) how census data is used in community development programs; and (3) how stakeholders in the community development process use census data in decision making.

The Census Bureau conducts over 100 surveys every year, in addition to the decennial census. Data from the decennial census is used for the apportionment of congressional seats, managing federal agencies, and allocating federal funds. Over \$300 billion is allocated based on data collected by the Census Bureau. Estimates published under the Population Estimates Program alone are used to distribute over \$100 billion in federal funding and to determine eligibility for social programs that are based on

population. Thus undercounts can significantly reduce funding for states and localities. One study conducted for the U.S. Census Monitoring Board predicted that the undercount from the 2000 Census would cost states \$4.1 billion in federal funding. A GAO study conducted in 2003 found that correcting population estimates for the 2000 Census would redistribute about \$380 million in federal funding for Medicaid, Foster Care, Adoption Assistance, and the Social Services Block (SSBG).

It is my hope that the testimony received and the discussion that follows will yield constructive suggestions for improving the accuracy of census data to reduce funding discrepancies and the usefulness of census data to stakeholders. We will hear from two expert panels here today who will share their thoughts on how this great task can be accomplished in the most efficient and effective manner.

Mr. TURNER. Thank you, Chairman Clay. I want to thank you for being here, and taking the time out of your busy schedule, also away from your duties in Washington and your district, to come to my district, to see what we've been doing here. We have sort of a slogan in our office, which is, have you been to Dayton yet? And we try to bring everybody from Washington, DC, and I'm glad you have come. We've had the opportunity today, to see Hawthorne Hill and Carillon Park facility that we're in. And I appreciate your willingness to see these historic sights, and also to hear the testimony today. We went to South Park earlier, so we saw some of the homes that have been renovated, and really the great potential in that neighborhood.

And for the people who are here, I want to tell you what a leader our chairman is in Congress, in the issue of urban areas, and issues. He also serves on the Financial Services Committee, where the important issues of predatory lending, and SSBG, and other Federal funding issues that assist in redevelopment of communities occurs. And also was instrumental in the efforts for Youthbuild, that translates right into issues of how do you use construction skills to renovate neighborhoods, and also provide opportunities for education and employment opportunities.

And something I learned from you, about you today, that I was unaware, your father was one of the original founders of the Congressional Black Caucus. And the important significance that has played in giving a voice to urban areas, and also important issues from minority communities. We appreciate your work on the census, because you have been an advocate for making sure that minority populations are counted, but also that city's accurately counted. Some of our most difficult areas to count, in ensuring that they receive adequate representation, as you pointed out in your comments, it doesn't just go to voting representation, it also goes to their share in Federal funds, that can address some of the issues for their community.

When we toured South Park today, one of the things we looked at was before and after pictures. And in one of the homes, they gave us a description of the history of the house. And I wanted to point out that when you read this history, and we're standing there in the building, it starts with one item at 1900. It says, the census lists the residence of 31 Bradford as John Campbell and Kathryn, and tells their history, and goes on to tell the census residence in 1910, 1920, and 1930. But how it was used as a historic tool to tell the story of, what are the histories of these properties, and how do they fit in the overall fabric of our community?

I want to thank you so much for taking your time to be here, and the importance of how this type of revitalization project translates right to the issue of, how do we build our urban populations to attract people back to our cities?

I also want to thank Brady Crest and Theresa Beachler, and the rest of the staff here at Carillon Park, for their hospitality and insistence on making this hearing successful. Carillon Park is a wonderful facility in our community. I'm glad the chairman was able to see Dayton's history through this facility.

The hearing today will focus on population trends, and what cities can do to reverse the population migration from urban neigh-

borhoods. Before I was mayor, I worked with several neighborhood leaders to create the private partnership Rehabarama with the Homebuilder's Association and Citywide Development. This partnership targeted Dayton's historic neighborhoods, and purchased the worst homes, renovated them, then held a home show to showcase the homes and neighborhoods to the region.

Each of Dayton's eight historic neighborhoods was a recipient of the efforts of Rehabarama. Just last week was the end of the second Rehabarama in the historic South Park neighborhood. This show was unique, in that all of the investment was done by private citizens, rather than public subsidy. Mike DiFlora of the Home Group and Theresa Gasper of the Full Circle Development are to be commended for their vision and commitment to transforming the South Park neighborhood.

The show is very successful, and the homes were carefully restored. The chairman and I had the opportunity to see the great work that was done earlier today. In each neighborhood, Rehabarama had an impact both on the surrounding property values, but also on the population trends in the area. The show brought families back into abandoned homes, and increased the desirability of living in Dayton's historic districts.

I look forward to hearing from our witnesses today. And I again want to thank the chairman for his time and generosity in coming to Dayton.

Mr. CLAY. Thank you, Congressman Turner. The committee will now hear testimony from the panel of folks. First witness before us, we have two excellent panelists. One, Mr. Matthew Scirè, Director of Strategic Issues for the Government Accountability Office and, two, and no stranger to this committee, welcome Mr. Scirè.

Mr. SCIRÈ. Thank you.

Mr. CLAY. And we also have joining us Steven Kelley, manager of the Office of Strategic Research for the Ohio Department of Development, and the Ohio Data Center, the State liaison to the U.S. Census Bureau. Thank you for coming today, Mr. Kelley.

Mr. KELLEY. My pleasure.

Mr. CLAY. And it is the committee policy, that all witnesses are sworn in. And please rise and raise your right hands, please.

[Witnesses sworn.]

Mr. CLAY. The record will show that each witness answered in the affirmative. Your entire statement will be entered into the record. And the—you have a light in front of you, that indicates your time. But we won't be that strict about it, please. And the yellow light means that you have—that your time is running down, and you have 1 minute remaining. And then the red light means your time has expired, so we'll get started. And I guess we will begin with Mr. Kelly. It's your show.

**STATEMENTS OF STEVE KELLEY, DIRECTOR, OFFICE OF STRATEGIC RESEARCH, OHIO DEPARTMENT OF DEVELOPMENT;
AND MATTHEW SCIRE, DIRECTOR, STRATEGIC ISSUES, GOVERNMENT ACCOUNTABILITY OFFICE**

STATEMENT OF STEVE KELLEY

Mr. KELLEY. Thank you, Chairman Clay, Ranking Member Turner, and the Subcommittee on Information Policy, Census, and National Archives. On behalf of Governor Ted Strickland and Lieutenant Governor Lee Fischer, I am pleased to share with you Ohio's State Data Center experience of working with the U.S. Bureau of the Census and its many data products. The data provided by the Bureau is a part of the warp and weave of policy and development here in the State. Every day, the numbers are referenced for a benchmark, or a trend line, and are the starting points for future planning.

The first Joint Statistical Agreement between the Census Bureau and the State of Ohio was signed in 1979, forming the Census State Data Center network. This mutually supported network is comprised of 47 government, planning, academic and library agencies widely spread across the State.

The State Data Center lead agency is housed at the Ohio Department of Development. The office is relatively unique, a combination of multiple census sharing programs, the State data center, population estimates, and population projection projects programs are all within a single State governmental agency. The Department has directly assisted the Bureau in promoting three decennial censuses, 1980, 1990 and 2000.

The most obvious use of census data is the allocation of Federal dollars. For Ohio, an annual average of \$7.6 billion in Federal funding is appropriated, based on census counts. This figure was derived from a 10-year review of the Consolidated Federal Funds Report.

Changing demographics of the population also has an important impact on the cost and delivery of government services. The chart on the Daily Net Growth of the 65 and over population from 1995 to 2000 clearly demonstrated to the General Assembly of Ohio as it deliberated on the State Biennial Budget, the impact of an aging population. In 2007, Ohio is experiencing a growth of 36 people a day in the age 65 and over cohort. In 2011, when the first baby boomers, those born in 1946, reach 65, the daily growth jumps to 142 per day, and stays over 100 a day for the next 15 years. Clearly, population numbers have an impact.

Private development finds that tying census numbers to a specific geography is the critical factor. The ability to cross tabulate place, with population, with income or education provides the decision criteria for many retailers and other business services. For major employers, the community pattern data helps determine the potential labor pool for a specific location. The TIGER geography program allows business to map the census data across a wide area without changing scale, or paying for the creation of a base analysis map.

Moving ahead, looking at some of the population products from the Census Bureau. The Current Population Survey, while the

least well known, is probably the most important tool for State and local development, as it is the source for many of our performance metrics. The unemployment rate and the size of the civilian labor force at the State, county, and central cities are the most basic of our metrics. Each month, these numbers provide the only thermometer of local economic conditions. And in addition, the annual release of educational attainment, income distribution, and poverty rates are carefully studied and compared for improvement from year to year.

The newest and now most carefully watched information source, is the American Community Survey. The large city poverty statistics posted to over the last 3 years have drawn attention, as Ohio cities have been ranked as having the highest poverty rates in the country. The ranking process has been problematic, as many local statisticians look at the size of the sample, the margins of error, and the modified definitions of the new survey, to recognize that a range, rather than a rank would best represent the community. In Cleveland, the rank of first should have been reported as a first tier example.

For the rest of the State, our rural and suburban places the limited sample size of the American Community Survey has made updated numbers unavailable. As a survey grows in years and size, we are hopeful that local communities and colleges can collaborate with the Census Bureau to increase the potential of the American Survey Community Survey. Together, in partnership with the Census Bureau, we should be able to deliver on its promise of more data in a timely fashion.

Thank you for the opportunity to share with the subcommittee Ohio's experience with the census data. At this time, I'll be glad to answer your questions.

[The prepared statement of Mr. Kelley follows:]



**Department of
Development**

Ted Strickland, Governor
Lee Fisher, Lt. Governor
Director, Ohio Department of Development

Prepared Statement of

Steve Kelley
Manager, Office of Strategic Research
Ohio Department of Development
A State Data Center affiliate of the U.S. Bureau of the Census

"Census Data and Its Use in the Development Process"

Before the House Subcommittee on Information Policy, Census and National Archives
U.S. House of Representatives

29 October 2007
Dayton, Ohio

Chairman Clay, Ranking Member Turner, and the Subcommittee on Information Policy, Census and National Archives, I am pleased to share with you Ohio's State Data Center experience of working with the U.S. Bureau of the Census and its many data products. The data provided by the Bureau is part of the warp and weave of policy and development here in the state. Everyday the numbers are referenced for a benchmark or trend line and are the starting points for future planning.

The first Joint Statistical Agreement between the Census Bureau and the State of Ohio was signed in 1979, forming the Ohio Census State Data Center network. This mutually supported network is comprised of 47 government, planning, academic, and library agencies widely spread across the state.

The State Data Center lead agency is housed in the Ohio Department of Development. The Office of Strategic Research is a relatively unique combination of multiple census sharing programs - the state data center, population estimates, and population projections programs all within a single state governmental agency. The Department has directly assisted the Bureau in promoting three decennial censuses. (1980, 1990, 2000)

The Office of Strategic Research's website is anchored by over 10,000 pages of value-added census data products, with a daily user volume of 663 sessions. Our most popular data product, "Ohio County Profiles" derives much of the five-page content from Census Bureau sources.

In 2006, the Ohio Data Center Network responded to over 10,000 personal requests for census information and hosted over 2.1 million aggregate user sessions on their web sites. The volume of census data queries reflected in these numbers attests to a vigorous and continuous use of census information by the citizens and governmental agencies of Ohio.

Using the Data

The most obvious use of census data is in the allocation of federal dollars. For Ohio, an annual average of \$7.6 Billion in federal funding is appropriated based on census counts. This figure was derived from a ten-year review (1995-2004) of the Consolidated Federal Funds Report.

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U.S. House Census Testimony 1

I would like to share with you several examples of how census data is incorporated into the everyday marketing and planning of government activity. The first example is a color map display of County Population Estimates. This map is used to show population concentrations and how those counties are changing annually. As can be seen, twelve counties are growing faster than the national rate while twenty-two counties are experiencing negative growth patterns.

Changing demographics of the population also have an important impact on the cost and delivery of government services. The chart on the Daily Net Growth of the Sixty-five and Over Population from 1995 to 2025 clearly demonstrated to the General Assembly of Ohio as it deliberated on the State Biennial Budget the impact of an aging population. In 2007 Ohio is experiencing a growth of thirty-six people a day in the age sixty-five and over cohort. In 2011 when the first baby-boomers, those born in 1946, reach sixty-five the daily growth jumps to one hundred forty-two per day and stays over a hundred a day for the next fifteen years. Population numbers have impact.

There are several other examples of policy and planning that I would like to mention to demonstrate the wide use of census data. The Ohio Jobs and Family Services recognized that language was a barrier for many of their clients. Using the census they were able to tailor the language options to the neighborhood rather than defaulting to limited statewide options.

Recently, The State Data Center has assisted state agencies to identify housing stock at the census tract level built pre-1950 as an indicator of lead paint. Again the census data allowed for services to be focused in areas of need.

Another highly sought after set of statistics are the number of individuals and households at, or as a percentage of, poverty as levels of eligibility for health care coverage for children. These numbers are used by the General Assembly to determine the size and scope of state assistance to populations in need.

Private Development finds that tying census numbers to a specific geography is the critical factor. The ability to cross tabulate place with population with income or education provides the decision criteria for many retailers and other business services. For major employers, the commuting pattern data helps determine the potential labor pool for a specific location. The TIGER geography program allows business to map the census data across a wide area without changing scale or paying for the creation of a base analysis map.

Census Products of Interest

The benchmark product is the Decennial Census. This one hundred percent count provides the accuracy and the geographic detail that provide a foundation for all other data and numbers. There is a general concern in the field that the "continuing resolution" funding of the U.S. Department of Commerce is forcing the Census Bureau to postpone the rollout and testing of the 2010 forms and methods, thus delaying the update of basic required data for community development.

The Population Estimates Branch provides annual updates on the basic building blocks – the cities, villages and townships. Here in Ohio these estimates are used to determine the eligible areas for additional liquor licenses. For many of our large cities, there is concern that the estimates methodology is biased to areas of rapid building rather than stable housing stock. The Estimates Branch is to be applauded for its completeness and timeliness, however alternative procedures should be explored.

The Current Population Survey, while the least well known, is probably the most important tool for state and local development, as it is the source for many of our performance metrics. The unemployment rate and the size of the civilian labor force at the state, county and central cities are the most basic of our metrics. Each month these numbers provide the only thermometer of local economic conditions. In addition, the annual release of educational attainment, income distribution and poverty rates are carefully studied and compared for improvement year-to-year.

The newest and, now, most carefully watched information source, is the American Community Survey. The large city poverty statistics posted over the last three years have drawn attention, as Ohio Cities have been ranked as having the highest poverty rates in the Country. The ranking process became problematic as many local statisticians began looking at the size of sample, the margins of error, and the modified definitions of the new survey to recognize that a range rather than a rank would best represent the community. In Cleveland the rank of first should have been reported as in the first tier of largest cities.

For the rest of the State – our rural and suburban places the limited sample size of the American Community Survey has made “updated” numbers unavailable. As the survey grows in years and size, we are hopeful that local communities and colleges can collaborate with the Census Bureau to increase the potential of the American Community Survey. Together in partnership with the Census Bureau we should be able to deliver on its promise of more data in a timely fashion.

In the last decade, new technologies have made the census accessible to more and more people on a twenty-four hour basis. The State Data Center in Ohio has seen the demand for data and information grow exponentially. As the Census Bureau adapts and changes, local communities and businesses alike are saying – more data in timely and standardized formats.

Thank You for the opportunity to share with the subcommittee Ohio’s experience with census data. At this time I will be glad to answer your questions.

Ohio's Population



Department of
Development

Ohio is the seventh most populous state in the nation.

Ohio is home to 11,478,006 people—3.8 percent of the U.S. total of 299,398,484.

The state's population grew rapidly during the 1950s, after which growth moderated.

During the 1950s, Ohio gained 1.8 million residents, growing 22 percent—compared to 19 percent for the nation.

From 1960 to 2000, Ohio gained 1.6 million residents and experienced a growth rate much slower than the nation.

Since the 2000 Census, Ohio has added 125 thousand people.

From April 1, 2000 to July 1, 2006, Ohio's population grew 1.1 percent, while the nation's population grew 6.4 percent.

Ohio ranked 31st in numeric growth and 48th in percentage change.

On average, Ohio added 115 people a day as a result of more births than deaths. The state experienced net out-migration of 64 people a day.

On a net basis, Ohio gained 51 people a day.

Two Ohio counties rank among the 100 fastest growing counties in the nation. (counties with over 10,000 people)

- Delaware County ranks 13th with a 43 percent increase in population from 2000 to 2006.
- Warren County ranks 80th with a 27 percent increase.

Four out of five Ohioans live in a metropolitan area.

- This ratio has been fairly constant over the course of the last several decades.
- Just under half of all Ohioans live in the three largest metro areas: Cincinnati, Cleveland, and Columbus.
- About a third live in the four northeast Ohio metro areas: Akron, Canton, Cleveland, and Youngstown.
- About one in five live in the two southwestern metro areas: Cincinnati and Dayton.

Ohio's population is aging.

From 2000 to 2030, based on U.S. Census Bureau projections:

- the percentage of Ohioans age 65 and older will increase from 13 percent to 20 percent;
- the old-age dependency ratio (age 65 and older / age 20 – 64) will increase from 23 to 38;
- the state's median age will increase from 36.2 to 40.2.

Net growth in Ohioans 65 and older will increase from 14 per day, currently, to 119 per day in 2012.

Minorities comprise 16 percent of Ohio's population.

About one in six Ohioans is a member of a racial minority or is Hispanic. For the U.S., the ratio is three out of ten—almost twice as high.

Find out more information on Ohio's population

Census Web link
Office of Strategic Research Web link
Other Web link

Census counts

Article I of the U.S. Constitution requires that a census—or complete count—be taken every 10 years for the purpose of reapportioning the U.S. House of Representatives.

Population figures, based on the Census Bureau's effort to count all people residing in the U.S. on April 1, 2000, are available as [profiles](#) (DP-1) or look-up statistics from the [Census 2000 Gateway](#) for a wide variety of geographic units.

Estimates

Population estimates are calculations of population size (or characteristics) for past dates based on data collected for those points in time from sample survey data or administrative records such as birth and death certificates and tax records.

The Census Bureau is the primary source of government-produced population estimates.

The Census Bureau annually releases estimates of the total population for [states](#), [counties](#), and [cities, villages and townships](#). (Links to local government data are for Ohio only.)

In addition, the Bureau estimates population by age ([selected age groups](#) or [single years for age](#)) and [racial groups](#), including persons of Hispanic Origin for states and counties.

The [Bureau of Economic Analysis](#) provides Census Bureau estimates in a time series format (1969 through 2004) for states, metro and micropolitan areas, and counties (first, select table CA1 - 3, then population, geographic unit(s), and time period).

As part of the 2000 Census, the Census Bureau sent a long-form survey to approximately one in six households.

Estimates of social/economic characteristics derived from this effort are available as [summary profiles](#), [look-up tables](#), [detailed profiles](#) (Ohio counties and large cities only), [Summary File 3 reports](#), [county-to-county commuting pattern tables](#), and [circle—or radius—reports](#).

The new [American Community Survey](#) (ACS) is designed to replace the long-form survey as part of an effort to provide more timely and accurate social and economic estimates. The Office of Strategic Research recently prepared a series of [charts](#) for Ohio's ten largest cities featuring 2005 ACS data.

Projections

Population projections are calculations of population size derived for future dates using assumptions about future trends and data from censuses, surveys, and administrative records.

The [Census Bureau](#) projects population by age, sex, and race through the year 2030 for the nation and the 50 states.

The Office of Strategic Research projects population by age and sex through the year 2030 for Ohio, the 88 counties, and the Ohio portions of metropolitan areas.

Geographic Dispersion

The [Census Bureau](#) makes available a wide range of reports online—many with tables and maps using data from the 2000 Census. [American FactFinder](#) allows users to create their own thematic maps using a variety of Census statistics.

Tables and maps illustrating population dispersion in Ohio can be found in [Ohio County Indicators](#), an annual publication prepared by the Office of Strategic Research.

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Ohio ranked 31st in numeric growth and 48th in percentage change.

On average, Ohio added 115 people a day as a result of more births than deaths. The state experienced net out-migration of 64 people a day.

On a net basis, Ohio gained 51 people a day.

Two Ohio counties rank among the 100 fastest growing counties in the nation. (counties with over 10,000 people)

- Delaware County ranks 13th with a 43 percent increase in population from 2000 to 2006.
- Warren County ranks 80th with a 27 percent increase.

Four out of five Ohioans live in a metropolitan area.

- This ratio has been fairly constant over the course of the last several decades.
- Just under half of all Ohioans live in the three largest metro areas: Cincinnati, Cleveland, and Columbus.
- About a third live in the four northeast Ohio metro areas: Akron, Canton, Cleveland, and Youngstown.
- About one in five live in the two southwestern metro areas: Cincinnati and Dayton.

Ohio's population is aging.

From 2000 to 2030, based on U.S. Census Bureau projections:

- the percentage of Ohioans age 65 and older will increase from 13 percent to 20 percent;
- the old-age dependency ratio (age 65 and older / age 20 – 64) will increase from 23 to 38;
- the state's median age will increase from 36.2 to 40.2.

Net growth in Ohioans 65 and older will increase from 14 per day, currently, to 119 per day in 2012.

Minorities comprise 16 percent of Ohio's population.

About one in six Ohioans is a member of a racial minority or is Hispanic. For the U.S., the ratio is three out of ten—almost twice as high.

Find out more information on Ohio's population

Census Web link
Office of Strategic Research Web link
Other Web link

Census counts

Article I of the U.S. Constitution requires that a census—or complete count—be taken every 10 years for the purpose of reapportioning the U.S. House of Representatives.

Population figures, based on the Census Bureau's effort to count all people residing in the U.S. on April 1, 2000, are available as profiles (DP-1) or look-up statistics from the Census 2000 Gateway for a wide variety of geographic units.

Estimates

Population estimates are calculations of population size (or characteristics) for past dates based on data collected for those points in time from sample survey data or administrative records such as birth and death certificates and tax records.

The Census Bureau is the primary source of government-produced population estimates.

The Census Bureau annually releases estimates of the total population for states, counties, and cities, villages, and townships. (Links to local government data are for Ohio only.)

In addition, the Bureau estimates population by age (selected age groups or single years for age) and racial groups, including persons of Hispanic Origin for states and counties.

The Bureau of Economic Analysis provides Census Bureau estimates in a time series format (1969 through 2004) for states, metro and micropolitan areas, and counties (first, select table CA1 - 3, then population, geographic unit(s), and time period).

As part of the 2000 Census, the Census Bureau sent a long-form survey to approximately one in six households.

Estimates of social/economic characteristics derived from this effort are available as summary profiles, look-up tables, detailed profiles (Ohio counties and large cities only), Summary File 3 reports, county-to-county commuting pattern tables, and circle—or radius—reports.

The new American Community Survey (ACS) is designed to replace the long-form survey as part of an effort to provide more timely and accurate social and economic estimates. The Office of Strategic Research recently prepared a series of charts for Ohio's ten largest cities featuring 2005 ACS data.

Projections

Population projections are calculations of population size derived for future dates using assumptions about future trends and data from censuses, surveys, and administrative records.

The Census Bureau projects population by age, sex, and race through the year 2030 for the nation and the 50 states.

The Office of Strategic Research projects population by age and sex through the year 2030 for Ohio, the 88 counties, and the Ohio portions of metropolitan areas.

Geographic Dispersion

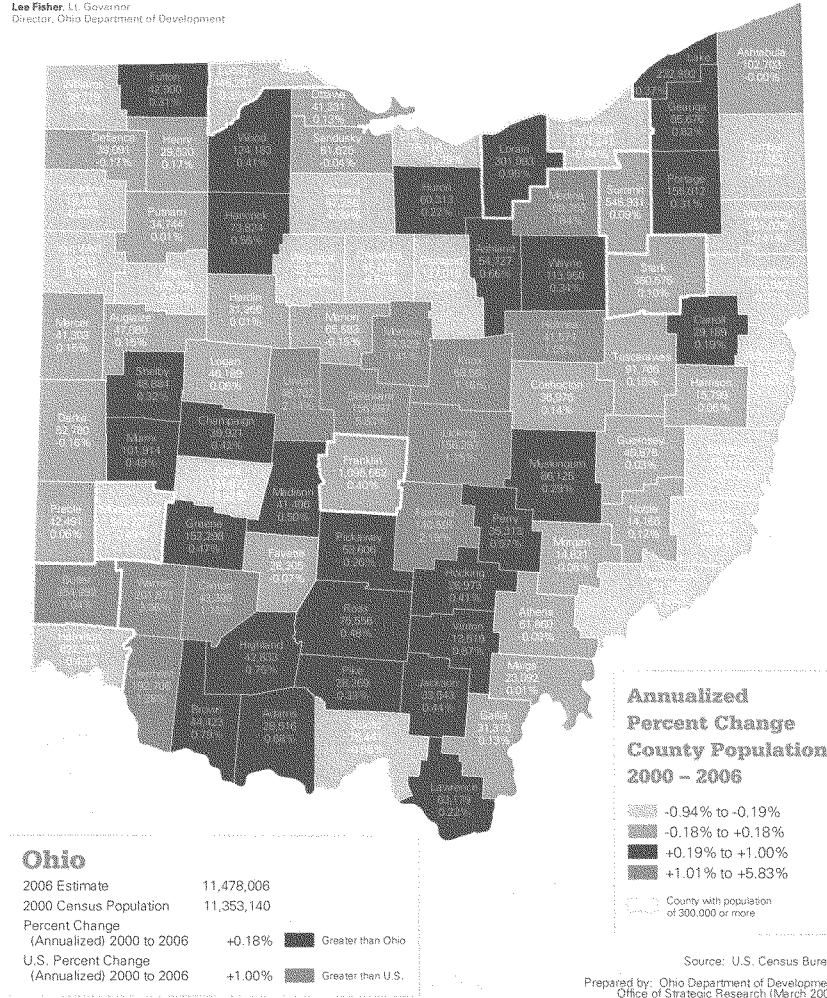
The Census Bureau makes available a wide range of reports online—many with tables and maps using data from the 2000 Census. American FactFinder allows users to create their own thematic maps using a variety of Census statistics.

Tables and maps illustrating population dispersion in Ohio can be found in Ohio County Indicators, an annual publication prepared by the Office of Strategic Research.

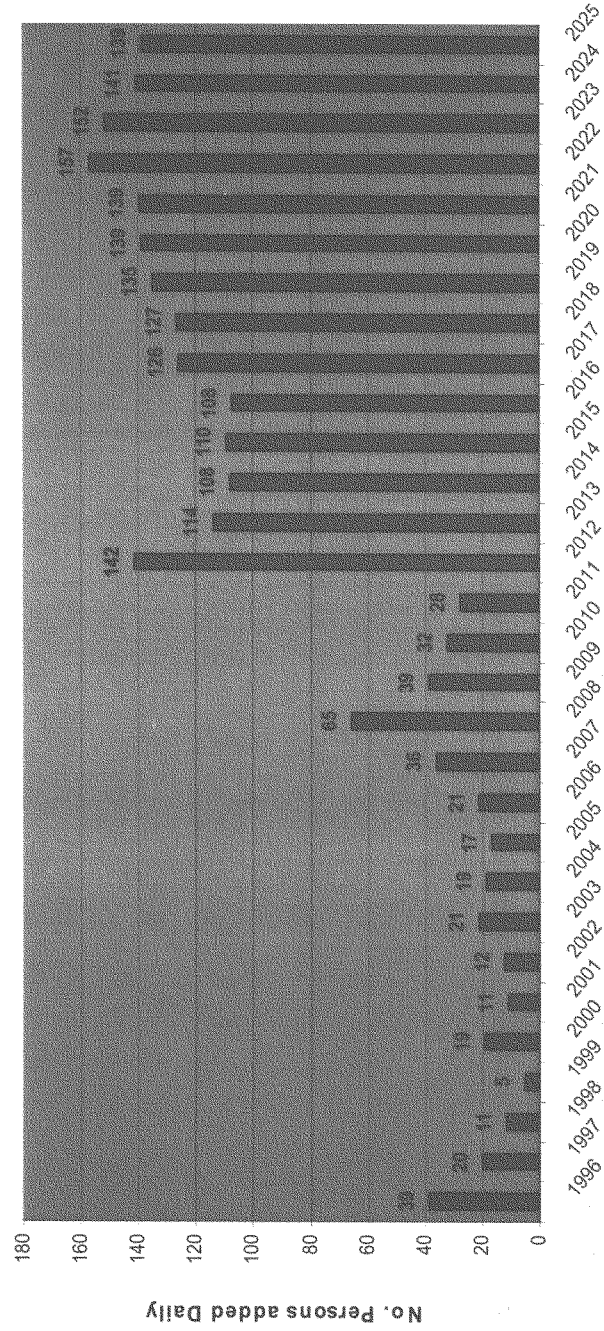
Ohio 2006 County Population Estimates Annualized Percent Change 2000 - 2006

Ohio | Department of Development

Ted Strickland, Governor
Lee Fisher, Lt. Governor
Director, Ohio Department of Development



Estimated and Projected Average Daily Net Growth
of the 65 and Over Population in Ohio: 1995-2025



Source: "Projections of the Total Population of States," projection series A; Population Division, U.S. Census Bureau

Mr. CLAY. Thank you so much, Mr. Kelley. And you—I can't believe that he did it under the 5-minute requirement. Thank you.

Mr. Scirè, I wonder if you could top this.

Mr. SCIRÈ. I will try.

Mr. CLAY. Proceed.

STATEMENT OF MATTHEW SCIRÈ

Mr. SCIRÈ. Mr. Chairman, Mr. Turner, thank you for the opportunity to be here today, to discuss the important role that the nation's population count plays in Federal grant programs. As you know, the decennial census is a critical and national effort mandated by the Constitution. Census data are used to apportion seats in the congress, redraw congressional districts, and for numerous other public and private sector purposes. These data are also used directly or indirectly to allocate billions of dollars in Federal assistance, to State and local government. In fiscal year 2004, agencies obligated over \$460 billion in grant programs, the largest of these was Medicaid, which accounted for nearly 40 percent of total grant obligations. To understand the accuracy and completeness of the census count, the Bureau estimates the population at the time of the decennial count, using an independent statistical survey. Because of the concern that inaccurate population counts might affect the allocation of grant funds, we have simulated the impact of substituting the post-censal population estimate for the census count. To illustrate the potential impact, we selected one grant program, the Social Services Block Grants program, because its formula relies exclusively on annual population estimates, to allocate funds among the States. We found that using the independent population estimate, rather than the census count, could shift funding among the States in the District of Columbia, principally because of variation among the States, in the extent to which the independent estimate for the State differed from its census count.

To illustrate, looking at fiscal year 2004 for allocations for the Social Services Block Grant program alone, 27 States and the district of Columbia would have gained funding, and 22 States would have lost funding, using estimates based on this independent survey. The greatest difference occurred for Washington, DC, which would have received an additional 2.05 percent in funding. And Minnesota, which would have received 1.17 percent less.

Grant programs generally rely on annual estimates of the State's population developed by the Census Bureau. To prepare these annual estimates, the Bureau begins with a prior decennial count, and then updates these using data on births, deaths, and other information. By the time the next decennial count is completed, there can be substantial differences between it, and an annual estimate built on the prior decennial census.

In 2000, these differences called errors of closure, range from a low of 0.27 percent for West Virginia, to a high of over 10 percent for the District of Columbia. For every State, the population count was higher than the estimate that was based on a prior decennial, but the extent varied. The differences in error of closure among the States, result from shifts in State allocation of grant funds for the Social Services Block Grant Program, an estimated 8.6 million shifted from the 28 States that had below average percentage cor-

rections, to the 22 States and the District of Columbia that had above average percentage corrections—I'm sorry, from below to above.

One challenge that some grant programs may face, is the replacement of the decennial long form data, with the ongoing American Community Survey. Today, this survey provides annual information on communities with populations over 65,000. By 2010, the survey will provide 5 year average estimates for areas to the areas smallest block groups, census tracts, small towns, and rural areas. The survey also provides information on immigration that will be used for annual, State, and county estimates of population.

In summary, Mr. Chairman, the decennial census is an important factor of the allocation of grant funds. Either directly or indirectly, it is a component of many grant formulas. Should the count be inaccurate, it could affect the allocation of grant funds. Likewise, differences between annual estimates of population and the decennial count can build over the decade and cause a once-a-decade corrections to population estimates, and consequently, the allocations among the States.

Because it is essential that the decennial count be accurate for 2010, the Bureau, once again, plans to conduct an independent statistical estimate of the population. Plans to focus on the components of any net, or over or under count, and how these may vary across population groups and locations. We're currently reviewing as plans—as in the past, we look forward to supporting the subcommittees over site efforts, to a timely and complete, and accurate cost affective census.

This concludes my opening remarks. Thank you again for the opportunity to speak today. I'd be glad to take any questions you may have.

[The prepared statement of Mr. Scirè follows:]

United States Government Accountability Office

GAO

Testimony

Before the Subcommittee on Information
Policy, Census, and National Archives,
Committee on Oversight and Government
Reform, House of Representatives

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2010 CENSUS

Population Measures Are Important for Federal Funding Allocations

Statement of Mathew Scire
Director, Strategic Issues



GAO-08-230T

October 29, 2007



Highlights of GAO-08-230T, a testimony before the Subcommittee on Information Policy, Census, and National Archives, Committee on Oversight and Government Reform, House of Representatives

Why GAO Did This Study

The decennial census is a constitutionally-mandated activity that produces critical data used to apportion congressional seats, redraw congressional districts, and allocate billions of dollars in federal assistance. This testimony discusses (1) the various measures of population used to allocate federal grant funds (2) how the accuracy of the population count and measurement of accuracy have evolved and the U.S. Census Bureau's (Bureau) plan for coverage measurement in 2010; and (3) the potential impact that differences in population estimates can have on the allocation of grant funds. This testimony is based primarily on GAO's issued work in which it evaluated the sensitivity of grant formulas to population estimates.

What GAO Recommends

At this time, GAO is not making any new recommendations.

To view the full product, including the scope and methodology, click on GAO-08-230T. For more information, contact Mathew Scire at (202) 512-6806 or sciremj@gao.gov.

2010 CENSUS

Population Measures Are Important for Federal Funding Allocations

What GAO Found

In fiscal year 2000, GAO found that 85 percent of federal government obligations in grants to state and local governments were distributed on the basis of formulas that use data such as state population and personal income. The decennial census is the foundation for measuring the nation's population. It provides a count of the population every 10 years, and is the starting point for estimates of population made in years between the censuses.

Obtaining an accurate population count through the decennial census has been a concern since the first census in 1790. Concern that the decennial census undercounted the population has continued since then. To measure accuracy, the Bureau since 1940 has used demographic analysis, in which it compares census counts with information on births, deaths, and other information. With the exception of 1990, the Bureau's demographic analysis shows that the extent to which the census undercounted the population has declined. More recently, the Bureau has used statistical techniques in which it compares the census count with the results of an independent sample survey of the population. For 2010, the Bureau plans to use similar statistical techniques to measure the accuracy and coverage of the census. Evaluating the accuracy of the census is essential given the importance of the data, the need to know the nature of any errors, and the cost of the census overall.

GAO's prior work has illustrated that the accuracy of state and local population estimates may have some effect on the allocation of grant funds. Specifically, to show the sensitivity of grant programs to alternative population estimates, GAO simulated how two grant program formulas would allocate federal funds to states if population estimates were substituted for census counts. This simulation was done for illustrative purposes only. While only actual census numbers should be used for official purposes, this simulation showed some shifting of grant funds among the states when estimates were used. For example, recalculating allocations of Social Services Block Grant funds using estimates of population for 2000, rather than the census count, would result in shifting \$4.2 million—or 0.25 percent—of \$1.7 billion in fiscal year 2004 funds. Specifically, 27 states and the District of Columbia would have gained \$4.2 million and 23 states would have lost a total of \$4.2 million.

Mr. Chairman, Mr. Turner, and Members of the Subcommittee:

Thank you for the opportunity to be here today to discuss the role that the nation's population count plays in the allocation of federal funds to states and localities. My remarks today describe (1) the various measures of population used to allocate federal grant funds (2) how the accuracy of the census count and measurement of accuracy have evolved, and (3) the potential impact that differences in the census count and population estimates can have on the allocation of grant funds.

As you know, the decennial census is a critical national effort mandated by the Constitution. Census data are used to apportion congressional seats, redraw congressional districts, and allocate billions of dollars in federal assistance to state and local governments. The census count also serves as a foundation for annual estimates of the nation's population. Along with the decennial census count, these annual estimates directly and indirectly affect the distribution of federal assistance to state and local governments. The U.S. Census Bureau (Bureau) puts forth tremendous effort to conduct an accurate count of the nation's population. However, some degree of error in the form of persons missed or counted more than once is inevitable. Further, because of limitations in methods for annually estimating the population during the years between censuses, the difference between an annual estimate of the population on census day and the census count itself can emerge. Because many federal grant programs rely directly or indirectly on population measures, inaccuracies in census counts and methodological problems with population estimates can affect the allocation of funds.

My remarks are based primarily on reports we have previously issued. To describe the various measures of population used to allocate federal grant funds, we examined the logistics and data from postcensal population estimates, the American Community Survey (ACS) and the Current Population Survey. To obtain insight on how the accuracy of the population count and the measurement of accuracy have evolved, we reviewed information from the Census Bureau's Decennial Statistical Studies Division, as well as previous GAO reports.¹ To describe the

¹GAO, *Federal Assistance: Illustrative Simulations of Using Statistical Population Estimates for Reallocating Certain Federal Funding*, GAO-06-567 (Washington, D.C.: June 22, 2006); GAO, *2000 Census: Coverage Measurement Programs' Results, Costs, and Lessons Learned*, GAO-03-287 (Washington, D.C.: January 29, 2003) and GAO, *Formula Grants: Effects of Adjusted Population Counts on Federal Funding to States*, GAO/HEHS-99-69 (Washington, D.C.: Feb. 26, 1999).

potential impact that differences in population estimates can have on the allocation of grant funds, we relied on work we reported to this subcommittee last year, as well as prior work.² We conducted our work in accordance with generally accepted government auditing standards.

Population Measures Are Used in Grant Formulas

Decennial census data play a key role in the allocation of many grant programs. In fiscal year 2004, the federal government administered 1,172 grant programs, with \$460.2 billion in combined obligations.³ Most of these obligations were concentrated in a small number of grants. For example, Medicaid was the largest formula grant program, with federal obligations of \$183.2 billion, or nearly 40 percent of all grant obligations, in fiscal year 2004. Many of the formulas used to allocate grant funds rely upon measures of population, often in combination with other factors. In addition to the census count, the Bureau has programs that estimate more current data on population and population characteristics that are derived from the decennial census of population. Grant formula allocations also use the estimated data from the Bureau's postcensal population estimates, the Current Population Survey, and the American Community Survey.

Because the decennial census provides population counts once every ten years, the Bureau also estimates the population for the years between censuses. These estimates are referred to as postcensal population estimates. They start with the most recently available decennial census data and for each year adjust population counts for births, deaths, and migration. Because these population estimates are more current than the decennial population counts, the distribution formulas for federal grants often use these data. For example, the allocation formula for the Social Services Block Grants uses the most recent postcensal population estimates to distribute funds.

While the decennial census and postcensal estimates provide annual data, the Current Population Survey provides monthly data. This survey's sampling design relies on information developed for the decennial census

²GAO-06-567; GAO, *Formula Grants: 2000 Redistributes Federal Funding Among States*, GAO-03-178 (Washington, D.C.: February 24, 2003) and GAO, *Formula Programs: Adjusted Census Data Would Redistribute Small Percentage of Funds to States*, GAO/GGD-92-12 (Washington, D.C.: November 7, 1991).

³In fiscal year 2000, we found that 85 percent of federal government obligations in grants to state and local governments was distributed on the basis of formulas that are based on data such as state population and personal income.

and its data are revised annually to be consistent with the postcensal estimates. The survey is primarily designed to generate detailed information about the American labor force, such as the number of people unemployed. Data from this survey are also used to allocate funds for programs, for instance programs under the Workforce Investment Act.

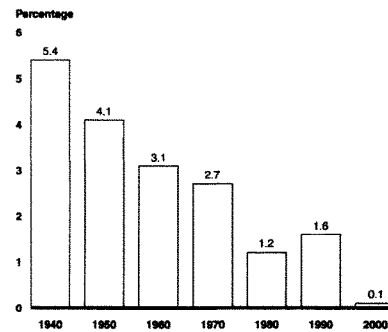
Another survey, the American Community Survey (ACS), provides detailed socioeconomic characteristics for the nation's communities. The ACS relies on information developed for the decennial census and its annual data are controlled to be identical to postcensal population estimates. Currently, the ACS provides information on communities with populations over 65,000. Data from the ACS are also used to allocate federal funds, such as determining fair market rent levels used in the Section 8 housing voucher program. Because the ACS is to replace 2010 census long form socioeconomic data, it is expected that ACS data will be used more extensively in other federal assistance programs in the future. Beginning in 2010, 5-year estimates will be available for areas to the smallest block groups, census tracts, small towns, and rural areas. Beyond their use by the federal government, the population counts and estimates are also used extensively by state and local governments, businesses, nonprofits, and research institutions.

Population-based data drawn from the decennial census, postcensal population estimates, and the ACS play critical roles in the conduct of community development programs undertaken by the federal, state, and local governments. Such data are central to the conduct of the federal government's Community Development Block Grant program (CDBG), the federal government's 13th largest formula grant program with \$3 billion in obligations in fiscal year 2004. Since 1974, this program has provided \$120 billion to help communities address a host of urban problems ranging from poverty and deteriorating housing to population loss and social isolation. Given the breadth of the program's objectives and the diversity of the nation's communities, CDBG employs four formulas to allocate funds among 50 states, the District of Columbia, and 1,080 local governments. These formulas depend on census data, including total population, individuals in poverty, lagging population growth, households in overcrowded homes, as well as the number of pre-1940 homes.

Accuracy of Population Count Is Important

An accurate census relies on finding and counting people—only once—in the right place and getting complete, correct information on them. Seeking to obtain an accurate count has been a concern since the first census in 1790. Concern about undercounting the population continued through the decades. In the 1940s, demographers began to obtain a more thorough understanding of the scope and nature of the undercount. For example, the selective service registration of October 1940 showed 2.8 percent more men than the census count. According to the Bureau, operations and programs designed to improve coverage have resulted in the total undercount declining in all but one decade since the 1940s. These measures of coverage are based on demographic analysis, which compares the census count to birth and death certificates and other administrative data (see fig. 1).

Figure 1: Decennial Census Population Net Undercount Rates from Demographic Analysis in Percentages: 1940 to 2000



Source: U.S. Census Bureau – 2000 Census Test – Evaluation #2: Coverage Improvement, Decennial Statistical Studies Division, Sept. 24, 2007.

Modern coverage measurement began with the 1980 Census, when the Bureau compared decennial figures to the results of an independent sample survey of the population. In using statistical methods such as these, the Bureau began to generate detailed measures of the differences among undercounts of particular ethnic, racial and other groups. In 1990, the Bureau relied on a Post-Enumeration Survey to verify the data it

collected through the 1990 Census. For this effort, the Bureau interviewed a sample of households several months after the 1990 Census, and compared the results to census questionnaires to determine if each sampled person was correctly counted, missed, or double counted in the Census. The Bureau estimated that the net undercount, which it defined as those missed minus those double counted, came to about 4 million people.⁴ To estimate the accuracy of the 2000 Census, the Bureau conducted the Accuracy and Coverage Evaluation (A.C.E.), which was an independent sample survey designed to estimate the number of people that were over- and undercounted in the census, a problem the Bureau refers to as coverage error. This evaluation found that in the 2000 Census there was a net overcount. For 2010 the Bureau plans a census coverage measurement program that will, among other things, produce estimates of components of census net and gross coverage error (the latter includes misses and erroneous enumerations) in order to assess accuracy.

Population Estimates May Affect Allocation of Federal Funds

The accuracy of state and local population estimates may have an effect, though modest, on the allocation of grant funds among the states. In our June 2006 report, we analyzed how sensitive two federal formula grants are to alternative population estimates, such as those derived by statistical methods.⁵ In the June 2006 report, we recalculated certain federal assistance to the states using the A.C.E. population estimates from the 2000 Census, as well as the population estimates derived from the Post-Enumeration Survey, which was administered to evaluate the accuracy of the 1990 Census. This simulation was done for illustrative purposes only—to demonstrate the sensitivity of government programs to alternative population estimates. While only the actual census numbers should be used for official purposes, our simulation shows the extent to which alternative population counts would affect the distribution of selected federal grant funds and can help inform congressional decision making on the design of future censuses.

We selected the Social Services Block Grant (SSBG) as part of this simulation because the formula for this block grant program, which is based solely on population, and the resulting funding allocations are particularly sensitive to alternative population estimates. At a given level of appropriation, any changes in the state's population relative to other

⁴GAO/HEHS-99-09.

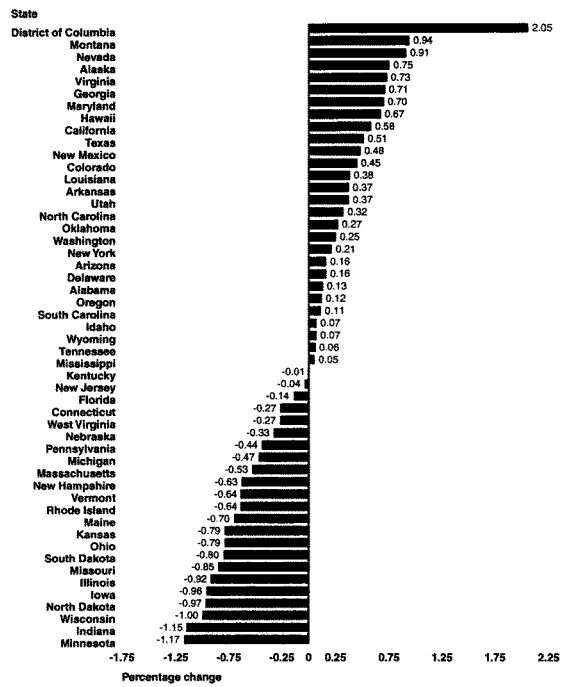
⁵GAO-06-567.

states' changes would have a proportional impact on the allocation of funds to the state. In fiscal year 2004, the federal government allocated \$1.7 billion to states in block grant funds under the program. Recalculating these allocations using statistical population estimates from the 2000 A.C.E., only \$4.2 million—or 0.25 percent—of \$1.7 billion in block grant funds would have shifted. The total \$1.7 billion SSBG allocation would not have changed because SSBG receives a fixed annual appropriation. In other words, those states receiving additional funds would have reduced the funds of other states.

In short, 27 states and the District of Columbia would have gained \$4.2 million and 23 states would have lost a total of \$4.2 million. Based on our simulation of the funding formula for this block grant program, the largest percentage changes were for Washington, D.C., which would have gained 2.05 percent (or \$67,000) in grant funding and Minnesota which would have lost 1.17 percent (or \$344,000). For the programs we examined, less than half of a percent of total funding would be redistributed by using the revised population counts. Figure 2 shows how much (as a percentage) and where SSBG funding in 2004 would have shifted as a result of using statistical population estimates for recalculating formula grant funding by state. We previously reported that using 1990 adjusted data as the basis for allocations had little relative effect on the distribution of annual funding to states.⁶ More recently, we reported that statistical population estimates from the 2000 Census would have shifted a smaller percentage of funding compared to those from the 1990 Census because the difference between the actual and estimated population counts was smaller in 2000. For example, using statistical estimates of the population following the 1990 Census, a total of 0.37 percent of SSBG funds would have shifted among the states in fiscal year 1998.

⁶GAO, *Formula Programs: Adjusted Census Data Would Redistribute Small Percentage of Funds to States*, GAO/GGD-92-12 (Washington, D.C.: Nov. 7, 1991).

Figure 2: Estimated Social Services Block Grant Percentage Change in Grant Funding Using Statistical Population Estimates for States



Source: GAO analysis of data from the Department of Commerce and the Department of Health and Human Services.

In addition to any impact that inaccuracies in the census count may have on allocation of federal funds, between decennials differences between the actual population and population estimates could affect fund

allocation. To calculate grant amounts, formula grants generally rely on annual population estimates for each state developed by the Bureau. State populations are estimated by adding to the prior year's population estimate the number of births and immigrants and subtracting the number of deaths and emigrants. These estimates are subject to error, mainly because migration between states and between the United States and other countries is difficult to measure. By the end of the decade, when the census count is taken, a significant gap may have arisen between the population estimate and the census count. We found that by the time of the 2000 census count, the annual estimates of population differed from the 2000 count by about 2.5 percent. This "error of closure" was substantially larger than that for the 1990 census—0.6 percent. We found that correcting population estimates to reflect the 2000 census count redistributes among states about \$380 million in federal grant funding for Medicaid, Foster Care, Adoption Assistance, and SSBG. Most of the shift in funding occurred in fiscal year 2003 when federal matching rates for three of the programs were based on population estimates derived from the 2000 census. For the SSBG program, the shift occurred in 2002 when it began using the 2000 census count.

Complete and accurate data from the decennial census are central to our democratic system of government. These same data serve as a foundation for the allocation of billions of dollars in federal funds to states and local governments. Because of the importance of the once-a-decade count, it is essential to ensure that it is accurate. Though the overall undercount has generally declined since it has been measured, evaluating the accuracy of the census continues to be essential given the importance of the data, the need to know the nature of any errors, and the cost of the census overall. We continue to monitor the Bureau's progress in this important effort.

Mr. Chairman, this concludes my remarks. I will be glad to answer any questions that you, Mr. Turner, or other subcommittee members may have.

Contacts and Acknowledgments

For further information regarding this statement, please contact Mathew Scire, Director, Strategic Issues, on (202) 512-6806 or at sciremj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this testimony. Individuals making key contributions to this statement included Steven Lozano, Assistant Director; Betty Clark; Robert Dinkelmeyer; Greg Dybalski; Ron Fecso; Sonya Phillips; Michael Springer; and Cheri Truett.

Related GAO Products

Federal Assistance: Illustrative Simulations of Using Statistical Population Estimates for Reallocating Certain Federal Funding. GAO-06-567. Washington, D.C.: June 22, 2006.

Data Quality: Improvements to Count Correction Efforts Could Produce More Accurate Census Data. GAO-05-463. Washington, D.C.: June 20, 2005.

Census 2000: Design Choices Contributed to Inaccuracy of Coverage Evaluation Estimates. GAO-05-71. Washington, D.C.: November 12, 2004.

2010 Census: Cost and Design Issues Need to Be Addressed Soon. GAO-04-37. Washington, D.C.: January 15, 2004.

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2000 Census: Complete Costs of Coverage Evaluation Programs Are Not Available. GAO-03-41. Washington, D.C.: October 31, 2002.

The American Community Survey: Accuracy and Timeliness Issues. GAO-02-956R. Washington, D.C.: September 30, 2002.

2000 Census: Refinements to Full Count Review Program Could Improve Future Data Quality. GAO-02-562. Washington, D.C.: July 3, 2002.

2000 Census: Coverage Evaluation Matching Implemented as Planned, but Census Bureau Should Evaluate Lessons Learned. GAO-02-297. Washington, D.C.: March 14, 2002.

Formula Grants: Effects of Adjusted Population Counts on Federal Funding to States. GAO/HEHS-99-69. Washington, D.C.: February 26, 1999.

Formula Programs: Adjusted Census Data Would Redistribute Small Percentage of Funds to States. GAO/GGD-92-12. Washington, D.C.: November 7, 1991.

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Mr. CLAY. Thank you so much, Mr. Scirè. And thank you both for your testimony, in being here today. I will recognize the ranking member, Mr. Turner, for questions.

Mr. TURNER. Thank you, Mr. Chairman. Again, thank you both for being here, and for your testimony, and for highlighting the important issues of what the census data, demographics, what the information that we can glean from it, what things we need to do to improve our processes.

Mr. Kelley, my first question goes to you, in that you have highlighted in your presentation, the differences in Ohio counties, of some being population losers, some being population gainers. In my district, looking on your map, you can see that for urban areas, the Dayton area appears to be about third in population loss, with Cleveland and perhaps Youngstown being higher. Toledo, Columbus, and Cincinnati having lost less population. So Ohio's—Dayton's losing more population than the others.

In Warren County, which is in my district, being No. 2 for population gain. So you have this contrast of an urban core anchored county, and a county that is growing faster than actually—you have identified as not only greater than Ohio, but also greater than the national average—is its growth rate.

In looking at the demographics from the census, beyond just population rises and increase, what are some of the things that we should look to in the demographic data, that would tell us what we should focus on, looking perhaps to policy of the development of the two different counties.

Mr. KELLEY. Congressman Clay, Ranking Member Turner, it's a big question. What the census is actually, a kind of a lagging indicator, in that it's reporting on the movement of people. And so we have to figure out what's going on with the population, and what are the trends. Over the last 20 years, we've seen a dramatic drop in interest rates. We've seen a housing boom that has been unrivaled in our history, except for the—probably the first baby boom. And so we've had low income, where we've had new household formation. We've had low interest rates, so that the movement of households to the American dream of owning your own home, and your own piece of property have been reinforced in a positive sort of way. And I think we'll see some trends change as the economics of the national economy, and then the local economy changes as well.

So again, it's reflecting the market conditions out there. And we'll see some changes in the market conditions. And I think we'll see some changes between the two.

Mr. TURNER. In looking at demographics, one of the things that you highlighted in your testimony relates to the poverty statistics. You questioned whether or not the poverty information accurately reflected the circumstances of communities, and how it is reported. Could you speak a little more about that? And Mr. Scirè, if you could respond to that.

Mr. KELLEY. First—Chairman Clay, Ranking Member Turner, first off was the sample size. What the statistics were revealing were a single year of statistics. And oftentimes, we were out in the field, we're looking at the numbers and wondering if it was a large enough sample.

Second off, we saw the variation in the poverty rate. It was very volatile. And so that suggested that maybe 1 year, the sampling had leaned to the high end. And maybe the next year, that survey had leaned—so as more and more years become available, and they start mixing, I think we should see some stability on that, and that should help improve. We saw the definition of poverty change from the 2000 census, because of this change. And one of them is the issue of timing. The question is, in the last 12 months versus the last year. And so we see a constant change of that timing, and we're not quite sure exactly what that means, and what people are including. So we're finding it difficult to get a stable definition that can be checked over time. Those are some of the things that we're seeing with the national census, and so with the American Community Survey. And we hope that again, over time, some of that variability gets leveled out, and we can see maybe what those trends are doing.

Mr. TURNER. Mr. Scirè, could you comment on that?

Mr. SCIRÈ. We haven't looked at the American Community Survey, and how it's being implemented since it was originally put out there. But on the poverty statistic alone, one thing I would point out, that it's important, in terms of formulas and so forth, that it not—that it be—that it recognize the differences that there are in cost of living across—from one community to the next. That a flat rate for poverty, or flat number for poverty doesn't necessarily indicate what the need really is in a particular community.

Mr. TURNER. Excellent point.

Mr. KELLEY. Building on that, I guess I'll reinforce that on housing. If you take a look at the average price of housing in a Cleveland, or Cincinnati, or a Dayton versus a New York, or a Boston, or San Francisco, it becomes very obvious that there's a major difference in that definition.

Mr. TURNER. Excellent. Thank you, sir.

Mr. CLAY. Thank you, Mr. Turner. In your testimony, Mr. Kelley, you state that the ranking process of the American Community Survey became problematic, as many local statisticians began looking at the sample size margin of error, and the modified definition of survey, to recognize that a range rather than a rank would be best representing the community. Can you tell us a little more about the affective problems might have, on the quality of the data collected?

Mr. KELLEY. Chairman Clay, Representative Turner, the issue gets to be, when you take a look at the margin of error, that we found that a 24 percent rate of poverty, or a 30 percent rate of poverty, when we added in the margins of error, plus or minus 2 percent, or again, depending on the sample size, we found that the city ranked first and the city that ranked 20th, were actually statistically within range of each other. So we really couldn't say definitively, that Cleveland was a higher poverty rate than say Antonio. And so the issue of a rank gives a sense of exactness, that the margins of error, when you look at them say, that's not really the case. They all may be actually the same. And so it gets to be a little bit difficult. Being 1st or 20th is a big difference in the mind of a mayor of a community leader, and is—particularly in the media.

Mr. CLAY. No. It certainly is, because it would attach a stigma—

Mr. KELLEY. Yes.

Mr. CLAY [continuing]. Or a label on a certain community. The Non-employers Statistics Program provides information on businesses without paid employees at a subject of Federal income tax. According to the Census Bureau, most non-employers are self-employed individuals, operating small unincorporated businesses. In your work, have you found this information to be helpful to policymakers, in setting policy that affects small business?

Mr. KELLEY. Chairman Clay, Representative Turner, the—what we find, is that this is a new data set that we are just starting to examine and see the strength and limitations of it. We actually published a first—our first report on that data set this year. And we're still waiting to hear from the field, from businesses and from government leaders, how that impacts their understanding. We are amazed at the size and breath of the information that's there. And as far as the definition of small business, we're trying to incorporate that into our understanding. So it's still kind of new for us, to see what's happening.

Mr. CLAY. Should different—should additional categories of businesses be added to the survey, or would that help?

Mr. KELLEY. The jury's still out on that. Again, we're just trying to get people interested and aware of its existence. And we have not gotten a lot of feedback yet.

Mr. CLAY. Thank you. Thank you for that response. Mr. Scirè, one of the purposes of this hearing is to find out how census data is used in Federal funding formulas. We know that they are used in the CDBG, Community Development Block Grant program, and Social Service Block Grant program, as you have discussed. Can you tell us how extensive, is the use of census data, in formulating for Federal programs?

Mr. SCIRÈ. I think the way I would put it is, that the population counts ripple throughout the entire statistical system. The counts that are done every 10 years, are used as a basis for developing annual estimates of population. Many of these grant programs are using those measures directly. And then also the population count and the housing count are used to establish sampling frames, for example, for other surveys. So it's a foundation for the statistical system. And so there are many, many grant programs that rely on data, that may not directly use that population count, but for it the surveys, that they do rely on would be—would be done completely differently. So I think I would put it that way, that it really runs throughout these programs.

Mr. CLAY. In the GAO study, population estimates were submitted for census counts. And it was found that recalculating allocation from Social Services Program Block Grant funds would shift \$4.2 million. Now, 27 States and the District of Columbia gained funding, and 23 States lost funding. What were the results of some of the other areas GAO examined in the study, and did the Census Bureau or the department comment on the study?

Mr. SCIRÈ. We looked at two programs in that analysis. One was the Social Services Block Grant program, which you mentioned. The other was Medicaid. Of course Medicaid is huge, compared

with the Social Services Block Grant Program. And so as you mentioned, there was \$4.2 million, and those Social Services Block Grant funds would have shifted, if you substituted the estimates for the population count. For Medicaid, the number was more—was over \$300 million. So just because of the sheer size of that program, there was much more of an impact, in terms of dollars. In terms of a percentage impact, it was more or less the same, that it was about a quarter of a percent of funding shifted among the States for both, the SSBG and the Medicaid program. Actually, Medicaid was a little bit less on the percentage basis. And there was an equivalent number of winners and losers, in terms of numbers of States. Let's see, I forgot the second part of your question.

Mr. CLAY. What is the effect of these adjustments, and how do the adjustments compare to the actual census?

Mr. SCIRÈ. Well, again, this was—I would say that a quarter of a percent is the easiest way to look at it.

Mr. CLAY. OK. What agencies used the data the most? What Federal agencies rely on census data?

Mr. SCIRÈ. I would not be surprised to learn that every Federal agency relies on census data in some way or another. If it's not for allocation of funds, then it's for understanding performance of programs, for example. But some of the bigger users, in terms of grant formulas would be HHS, the HUD, Department of Labor. But again, I think that the data are used in a lot of different ways.

Mr. CLAY. Thank you. Thank you for that response. Mr. Turner.

Mr. TURNER. Mr. Scirè, I want to followup on the chairman's questions concerning the estimates. In your written testimony, page 7 has a chart that is—has the heading of "Estimated Social Services Block Grant Percentage Change In Grant Funding Using Statistical Population Estimates for States." The chairman was asking you questions about that. In looking at the winners and losers, I note that not only is Ohio a loser in that, but that pretty much all of our neighbors, Indiana, Illinois, Michigan, Pennsylvania, West Virginia, Kentucky are all down in the bottom category. Could you just tell us a little bit more about this chart and that application?

Mr. SCIRÈ. Certainly. I think that what you might be observing here, is that in these States—in the bottom of the chart, are ones that generally were considered to have had an over count. I also—before I even go any further, I want to emphasize that these are based on estimates coming out of this independent statistical survey called ACE. And I'm not sure that the Bureau even considers those estimates reliable. But having said that, if you were to substitute an estimate for the count, you would say that the estimate was lower for a lot of these States near the bottom. And so that basically, the population count was greater than, yes, but that's called an over count. It could be that these are States that throughout the decade, have had a loss of—did not have as much immigration population, perhaps, which might explain differentials that you see, between the under count and over count. So—and for—for the State of Ohio, this had no—0.79 percent differential represented a \$528,000, for example. In Minnesota, it was \$344,000. For the District of Columbia, which had—which was considered to have had an under count, if you applied that estimate rather than

the count, it would have made a difference of \$67,000 in the SSBG program. There could be differences—when you look at Medicaid, the graphic might be a little bit different, inasmuch as States with higher incomes would be—have less of an effect, in a way, meaning the change. You're still going to get the—they would get the same repayment. The percentages it's based on, there's a floor. And it's 50 percent, basically, for the matching rate under Medicaid. And so you might see less of an impact in some States, than you do here, because Social Services Block Grant relies solely on population.

Mr. TURNER. One of the limitations I think we have in the census, is that we're counting people. And they're—of course that's a constitutional mandate, that we count people. But we layer on top of it, beyond the constitutional mandate, issues of demographics, which tend to be the conditions of people, their education level, their employment level. But it doesn't give us that much of a picture of communities. We can sort of extrapolate, and try to do comparison between communities, and communities based on similar demographic data. But I'm going to ask you to respond for just a moment, on limitations of the census, in that respect. And I'm going to do it in light of, Mr. Kelley, as you were saying, if you look at Montgomery County, we're a number of three of urban cores in the State losing population. Warren County, is still in my district, No. 2, gaining population. You don't look at—through the census data information, what's left behind or what a community struggles with, as populations decline with the abandoned houses, blighting influences that result from that. So if you could just speak—I'm going to ask you for just a moment, to speak about the limitations that you see in census demographic data, in really telling us the true demographics of the community.

Mr. KELLEY. Chairman Clay, Congressman Turner, the issue is actually one of timing. The decennial census is every 10 years. And a part of that long form, as a component of the housing stock, and the household. And we get a wealth of information from that information. With the adding on the American Community Survey, and replacing the long form with this annual update, particularly in our urban areas, there is a potential of getting a more timely update, particularly when we're talking about vacancy rate of buildings, age of the buildings, condition of the buildings. So that may get to some of that question, of what is the current condition of our urban core. So the American Community Survey has some potential, to give us a timely update. Rather than once every 10 years, we might be able to see how things are moving in an every two to 3-year pattern, on what's happening.

Mr. TURNER. Excellent point. Mr. Scirè.

Mr. SCIRÈ. Well, I think we've reported in the past, the limitations of certain data. I would look at the—in terms of housing quality, for example, there are measures of, you know, whether or not there's complete plumbing, whether there's complete electric, and so forth. That would be over the years, those kind of metrics are less meaningful, because generally there's—there isn't the same issue, in terms of lack of those features. So the measures of housing quality may not really get at what you're trying to measure. In terms of poverty, I was talking before about the importance of adjusting that to recognize the various costs of living, from one local-

ity to another. So a flat dollar amount threshold for poverty, wouldn't get that. And so there could be a better measurement, for example, of what metric for the cost of living, in a way. We're doing some analysis right now. We're looking at fair market rents, as one possibility of recognizing in a way, and adjusting poverty for the cost of living and locality.

Mr. TURNER. Thank you. Mr. Clay.

Mr. CLAY. Thank you. Mr. Kelley, for many large cities, there is a concern that the estimate methodology is biased to areas of rapid building, in other words, new construction, rather than to areas where there is rehab. What alternative procedures could you recommend to—for the Bureau to explore, as far as being able to, I guess, give equal attention to both areas?

Mr. KELLEY. Chairman Clay, Congressman Turner, the most—probably the best example of that right now here in Ohio is that the city of Cincinnati has contracted the social contract of Washington, DC, to do an alternative population estimate process. And they included a large number of activities, but I'll focus in on what we've worked with, with the estimates division, again, building permits. We know that is the basic block that they use to manipulate the numbers. I would say that we'll need to ask them to reconsider or add additions for established communities for remodeling. At this point, all they're asking for is new builds. Remodeling has been eliminated. The second part of it is that the most—probably need to take a look at the IRS migration files, that they use to identify movement. Here in Ohio, we have a situation where there's a marriage penalty, often times for households. And it's beneficial to file separately, and that means filing separately at the Federal level. So we have a large number of possible—an over statement of households that are leaving or moving because of Ohio taxes. So we have an administrative issue, rather than an actual household activity, and that may be something that we need to go back and take a look at, as well.

Mr. CLAY. I see. And do you think if—if they would approach, I guess, the building permit issue, and I guess you also need a building permit to do rehab, is that in most cities?

Mr. KELLEY. My understanding, is that would be a requirement for most cities. Our township says that's not necessarily the case. In our cities, I would say that would be an absolute requirement, in most cases.

Mr. CLAY. Or work permits, or whatever?

Mr. KELLEY. Right.

Mr. CLAY. That's a great point. I thank you for that, Mr. Turner. Any more questions?

Mr. TURNER. No. No more questions.

Mr. CLAY. I have no more questions. This panel is excused, and thank you very much for your testimony today. You will also, without objection, submit the Census Bureau's testimony for today's hearing. And we'll take a brief break to set up for the second panel. Thank you both, gentlemen.

Mr. SCIRE. Thank you.

[Recess.]

Mr. CLAY. The committee will come to order.

And it is the policy of the subcommittee, to swear in all witnesses. Would you please rise, and raise your right hands.

[Witnesses sworn.]

Mr. CLAY. Thank you very much. You may be seated. The record will show that each witness answered in the affirmative. The entire statement will be entered into the record. At this point, I will differ to my ranking member, Mr. Turner, for introductions.

Mr. TURNER. Thank you, Mr. Chairman. It's my honor, to introduce to you, which is a diverse panel of grassroots community leaders, institutional partners, and community leadership. We're going to start with Dan Barton to our left, who is the president of the Grafton Hill Neighborhood Association. Grafton Hill is a neighborhood—all of these neighborhoods are right outside of downtown, but has many institutional partners including the home of our Art Institute.

David Bohardt is currently the vice president with Saint Mary's Neighborhood Development Corp., which is a faith based CDC. He was, prior to that, the head of our local Homeowner's Association, and was a partner in our Rehabaramas, and the most important aspect for many of our neighborhoods, adding Citirama, which was a new construction component, convincing new home builders to come into the city of Dayton.

Next, we have Theresa Brandt, who is the president of the Dayton View historic neighborhood. Dayton View is a very large neighborhood, that was a site of a very successful Rehabarama. And she has been very helpful in working with other neighborhoods, in addition to our own.

We have Theresa Gasper, president of the Full Circle Development, who's the private equity partner for the South Park Rehabarama, which you visited today. In taking a lead in seeing how the private sector can come in, and play a role that government has previously played.

Karin Manovich, the president of historic South Park, who is—has an incredible team that she leads in advancing South Park, which I believe has the largest number of structures, in all of our historic districts. So she has the largest area that she is coordinating.

And then we have Idotha Bootsie Neal, who is the president of Wright Dunbar, Inc., which is a private partnership that is focused on the redevelopment of the Wright Dunbar neighborhood in the commercial sector. In addition to partnering on the residential side, Bootsie Neal served with me in the city council, and was a leader in both neighborhood development, but also in Rehabarama, and Citirama, and in really turning the Wright Dunbar area around, both with the rehab and new construction. The Wright Dunbar neighborhood today is one of the highest priced neighborhoods for a new housing construction. When Commissioner Neal was active, they had at first, had been a proposal to demolish the housing that was in the Wright Dunbar area and construct apartments. She fought to ensure that area be rehabilitated, and have an historic flavor, which it does today.

Mr. CLAY. Thank you. And welcome to all of you. I appreciate you being here today. And we will now—we will try to observe the

5-minute rule for presentation. And we'll start on this end and move on down. Mr. Barton, you may begin.

STATEMENTS OF DAN BARTON, PRESIDENT, GRAFTON HILL NEIGHBORHOOD ASSOCIATION; DAVID BOHARDT, VICE PRESIDENT, ST. MARY DEVELOPMENT CORP.; TERESA BRANDT, PRESIDENT, DAYTON VIEW HISTORIC NEIGHBORHOOD; THERESA GASPER, PRESIDENT, FULL CIRCLE DEVELOPMENT, LLC; KARIN MANOVICH, HISTORIC SOUTH PARK, INC.; AND IDOTHA BOOTSIE NEAL, PRESIDENT, WRIGHT DUNBAR, INC.

STATEMENT OF DAN BARTON

Mr. BARTON. Thank you very much, Chairman Clay and Representative Turner, to come before this subcommittee today, to discuss the importance of a census information in neighborhood revitalization. And I'll speak to our—my particular perspective, which is a project called the Renaissance Alliance, incorporating institutions within our area. Our project was conceived based on the information that we were receiving from the census data base on total numbers and demographic information. What we were able to establish, as an ongoing trend, was the aging and the churn that was occurring within our neighborhoods.

Our neighborhood was built between the 1870's and 1920's, with occasional high density construction occurring at the time of the peak of Dayton's population in the late 1960's and early 1970's. The neighborhoods originally represented a cross-section of the typical populations that were present throughout the county at that time. From looking at census data from the 1950's on, we could track ongoing changes that eventually became an exodus of certain segments of the population. And this exodus continued for many reasons that were national, as well as local. But this population shifted away from the established urban core that we observed within the statistics, have a very significant and negative impact within our neighborhoods. The population shift left buildings within our neighborhoods without a viable market. Lacking competitive amenities with new suburban construction, the buildings fell into lower and lower occupancy, which consequently made it more and more difficult for the owners to maintain those structures, and to maintain a high enough level of occupancy, that they would remain profitable—profitable enough to maintain the buildings, etc. And update the buildings with the amenities that would attract the same kind of populations that they were originally built to hold, and give a residence to. This basic problem of the infrastructure aging and not being maintained, began to spread throughout the five area neighborhoods, impacting first the larger apartments, but then also impacting the single-family homes, which were at the core of the five neighborhoods. And census data throughout the 1970's and 1980's indicated that this trend was continuing and accelerating. And we could see from our own subjective evaluations, that this was occurring. We're not only losing people, but there was within the neighborhoods a lot of churn. Because it's individual buildings were falling into disrepair, that population might move to another building. But within any 10-year span, there would be a substan-

tial shifting within the neighborhood of populations. And some of the instability that comes from the reporting certainly impacted our neighborhoods very heavily.

In terms of what it meant for the overall values of the houses, between 1955 and 1980, there was almost a 75 percent collapse in real value, adjusted for inflation, of the values of the properties. This impacted not only the apartments and the homes where, you know, for a single occupied family, a real loss of dollars is a very negative impact on your net worth. So that this collapsing value was actually discouraging people from moving into the neighborhoods, encouraging—discouraging apartment owners from making the reinvestments, and certainly driving away the other development that would occur within a retail and residential neighborhood context, that makes a neighborhood viable and strong.

As these neighborhoods have declined, our institutions have assisted us and stepped in to a void Grandview Hospital, the Dayton Art Institute, and the Saint Mary's Development Corp. have stepped in to try to address this. From the standpoint of Grandview Hospital, which was an institution landlocked as it grew, it was facing some substantial obstacles for growth and continuation. And of course, the neighborhoods themselves realized that the upkeep of 100-year-old historic houses is a challenge, and a challenge that is more and more difficult for an aging population that has less economic resources. What we determined to do in the face of that, and at the time when Representative Turner was mayor, we decided to take all of the institutions and the stakeholders, and form a strategic plan around that, which is now what we call the Renaissance Alliance. And we have been working toward harmonizing our goals and our actions, so that each of them—of our respective resources, and our resources are very varied, can work toward a common goal.

The goals that we have identified and are working toward, as to make significant street scape changes to permit expansion of the hospital campus, improve the removal of blight, and facilitate the strengthening of new populations moving back within our neighborhoods. We've had a lot of improvements in place, and those are reported in my notes to the subcommittee. And I did want to basically identify that, at this point, with all of the things that are underway and improvements, that we have made a \$108 million and \$466,000 of improvements, either planned or committed with funding in place for most of those. And the city has, in parallel, worked \$47 million improvement into this. And we hope that the census data coming forward from this point, will reinforce quantitative and qualitative data that will allow us to improve the retail component of large businesses looking at our neighborhoods, and our populations within the neighborhoods, in a favorable light, in making any decisions to invest in that.

[The prepared statement of Mr. Barton follows:]

**Opening Statement of Dan Barton
President of the Grafton Hill Association
and Renaissance Alliance Coordinator;
Appearing Before the Sub-Committee on Information Policy,
Census, and National Archives
October 29, 2007**

Good morning, Mr. Chairman, Representative Turner, and members of the subcommittee. My name is Dan Barton. I am the President of the Grafton Hill Neighborhood and a Coordinator with the Renaissance Alliance Project.

Thank you for the opportunity of coming before your subcommittee today to discuss the importance of Census information to the Renaissance Alliance Project.

This project was conceived to address the ongoing effects of population shifts recorded in the US-Census and demographic data, away from the older established population centers. We use the census data to affirm our subjective observations on the 'population-churn' and changes occurring within our five Renaissance Alliance (RA) neighborhoods (Historic Grafton Hill, Jane Reece, Historic Dayton View, Five Oaks, and Riverdale).

Our neighborhoods were originally built between 1870 and 1920, with occasional additional high-density construction occurring when the Dayton population peaked in the early seventies. These neighborhoods originally contained a representative cross section of the US population of those times. Using Census data from the fifties on, we could track ongoing changes that became an exodus of certain population segments. This exodus occurred for many reasons we are all familiar with, and also occurred nationwide, confirmed by national Census and demographic data.

This population shift away from the established urban core impacted our neighborhoods in significant and negative ways. The population shift left many buildings in Grafton Hill without a viable market. Lacking competitive amenities, buildings with high density could not be kept fully occupied, and consequently profitable enough to be adequately maintained. Lack of maintenance meant remaining populations became discouraged at the spreading deterioration and left. This 'population churn' occurred within neighborhoods, and spread to surrounding original single-family homes, as homeowners began to lose confidence in the neighborhood conditions and housing values. Census data from the 70's and 80's indicated continuing trends towards a declining, older, and poorer cumulative population.

In inflation-adjusted constant dollars, our original neighborhood structures lost almost 75% of their value between 1955 and 1980. This collapse of value discouraged many potential residents from choosing our neighborhoods instead of surrounding suburban or new-rural construction. Popular trends visible in Census data indicated new families and younger working populations were opting for suburban contexts. The value decline has also discouraged owners of larger residential units from making the necessary improvements to maintain marketability.

As the neighborhoods declined, area institutions like Grandview Hospital and the Dayton Art Institute became concerned. Landlocked -- with infrastructure obstacles limiting their growth -- and a need for a stable and secure environment caused them to look for solutions to these immediate challenges. The neighborhoods themselves realized we had to attract a younger working age

population to manage the upkeep of 100-year-old historic neighborhoods. We realized that some trends visible in the census data had to be reversed. The same census trend information was prompting many large businesses and chains to not locate in our neighborhoods

To address this situation, and with the support of then Mayor, now Representative Mike Turner, and Doctor Roy Chew of Grandview Medical Center, and the St. Mary's Development Corporation, we initiated the Renaissance Alliance. This brought together the five neighborhoods, their businesses and institutions. We determined that our common interests and varied resources could produce a positive turnaround if we could work to deploy them with agreed-upon common goals.

We determined to leverage our collective assets -- historic neighborhoods, cultural attractions, strong institutions with a large employee base, central location -- and work to increase the size of, and restore economic strength to, our overall population.

The goals we identified were as follows:

1. Make significant streetscape changes to permit the expansion of a landlocked Grandview hospital campus to increase employment.
2. Remove urban blight negatively impacting all neighborhoods, businesses, and institutions.
3. Leverage planned developments of the neighborhood, business, and institutions to encourage and fund additional comprehensive development.
4. Develop a mechanism to extend and leverage blight removal as re-development takes place.
5. Utilize empty land for new housing construction-- the key to attract younger and working populations necessary for continued success of the neighborhoods and institutions.
6. Introduce new marketable housing types attractive and suitable to younger working age populations into the five neighborhoods.
7. Renovate abandoned structures to attract people back into our neighborhoods and strengthen our demographic profile and tax base.

Progress: Since our initiation of these activities in 2004, we have been leveraging every conceivable asset at our collective disposal. The RA partners have coordinated strategies and activities, and have been able to accomplish the following:

1. **Secured small HUD blight-removal Grants** which allowed St. Mary's to start removal of urban decay negatively impacting neighborhoods, businesses, and institutions.
2. **Grandview Hospital has acquired and removed blight** to facilitate their campus expansion, anticipated to exceed **\$65,000,000**. This expansion will bring many more potential working age residents into our neighborhoods.
3. **Leveraged Ohio Department of Transportation I-75 rebuild**, with a transportation grant, to facilitate street re-alignment to facilitate the Grandview campus expansion,

bringing \$7,366,000 of critical street-infrastructure improvements.

4. **Grandview Hospital and City of Dayton launched the Renaissance Incentive Home Ownership Project** to encourage their Grandview employees with a **\$9,000 (per household)** incentive to purchase homes in the Renaissance Alliance area.
5. **Launched "Victorian Row Historic Re-Creation Housing" unique new home construction:** St. Mary's Development acquired control or access to ten single home lots suitable for the Grandview Hospital Workforce. Construction approved and pending. Total build value anticipated at **\$3,000,000**.
6. **Renovation: RA planning triggered** private investment renovation of two formerly abandoned apartments, rehabbing 148 units of market rate housing, with a private sector investment of over **\$4,200,000**. Additional renovations are planned.
7. **"Historically Inspired" Condo Complex planned:** RA developments have encouraged developers to plan a large "historically inspired" condo development on the Riverfront at Central Avenue. Plan calls for high-rise condominiums, valued at over **\$28,000,000**.
8. **Have coordinated with City of Dayton and Dayton City Schools** planned improvements in the area totaling **\$37,050,000**.
9. **Riverdale targeted** by The City of Dayton for blight-acquisition for **\$10,000,000**.
10. **Have identified and targeted** additional blighted and vacant parcels, totaling **400 buildable lots** for future development.

Summary: Since our initiation of these activities, starting in 2004, RA influenced new development and planned development amounting to \$108,466,000. The City of Dayton and Dayton Schools are coordinating \$47 millions in previously approved development. We expect that this development will bring thousands of new residents to work, play and live, into our neighborhoods. We expect this RA plan to strengthen the viability of our urban core, and we look forward to the Census information to confirm our progress. We also plan to use this documented census data to encourage retail business investment in our area.

Mr. Chairman, Committee Members, thank you for time today and your interest in Renaissance Alliance urban development project.

Respectfully:

Dan Barton
RA Coordinator
1823 East Fourth Street
Dayton Ohio
45403

Mr. CLAY. Thank you.

Mr. BARTON. Thank you very much.

Mr. CLAY. Thank you very much for that testimony.

Mr. Bohardt.

STATEMENT OF DAVID BOHARDT

Mr. BOHARDT. Mr. Chairman, Congressman Turner, thank you for this opportunity to be here. My colleague, Dan, ran over a little bit, but I in advance agreed to yield to him some of my time.

Mr. CLAY. Great.

Mr. BOHARDT. So I'm hoping to take 3 or 4 minutes here.

Mr. CLAY. You will be fine.

Mr. BOHARDT. During the years 1993 to 2006, I had the privilege of serving as executive director of the Homebuilder's Association of Dayton. During that time, thanks primarily to the leadership of then mayor, now Congressman Mike Turner, the association partnered with the city of Dayton to sponsor 10 Rehabarama and Citirama events. These events directly and indirectly have generated more than \$50 million in private sector investment. And through stabilization of the city's close-in historic districts, permitted the 100 million plus economic resurgence of the city's downtown in the late 1990's to the current day.

In every instance, the availability, reliability, use, and analysis of U.S. census data was incredibly important. In the case of Rehabarama and Citirama events, these data allowed us to understand the current social, economic, cultural and other demographic characters of neighborhoods targeted for reinvestment, permitting us further to understand how much investment was required by the public sector, before the private sector could be expected to do most of the heavy lifting, with respect to project development and finance. And the data also enabled us to project long-term impacts on local governments' tax revenue streams. I know you had the opportunity this morning to visit the homes of Rehabarama in South Park, and they're a very good case in point. As Congressman Turner mentioned, when the first Rehabarama was conducted in South Park in 2001, approximately \$2 million of city subsidy was provided. In the homes you toured, and in 30 others completely rehabilitated or underway, 100 percent of the costs, and probably close to \$3 million will be shouldered entirely by the private sector.

Taken together, the two Rehabarama events in South Park, and the additional investments they have encouraged, have added more than \$5 million of appraised values to Montgomery County's property tax rolls, and approximately \$3 million of additional annual household revenue, to the city's income tax rolls.

In South Park and other neighborhoods served by Rehabarama and Citirama, the availability and accuracy of census data is the very first, an absolutely essential tool of community redevelopment.

At St. Mary's Development, I'm executive vice president since 1989, we've brought forward approximately 30 projects, serving low income seniors and working families, total economic impact of plus or minus \$200 million. For each of our projects, our financing is primarily low-income housing tax credits under Section 42 of the Internal Revenue Service Code. Again, the availability and accuracy of census data are critically important to these projects and

literally drive the feasibility and location of low income tax credit projects.

They enable us to identify, census tract by census tract, those low-income communities with the highest level of need for the housing for low-income seniors and working families. The designation of qualified census tracts under Section 42d of the IRS Code brings into a sharper relief those communities with the highest needs.

Since proposed low-income housing tax credit projects seldom go forward unless they are located within the boundaries of qualified census tracts, the accuracy and reliability of the data that underlie them is absolutely essential.

Mr. Chairman, Congressman Turner, I thank you for this opportunity to provide this testimony.

[The prepared statement of Mr. Bohardt follows:]

Testimony of David Bohardt
Executive Vice President
St. Mary Development Corporation
Before the Information Policy, Census and National Archives
Subcommittee
Oversight and Government Reform Committee
United States House of Representatives
October 29, 2007

Good morning, Mr. Chairman.

My name is David Bohardt. I am Executive Vice President of St. Mary Development Corporation, a 501(c)(3) non-profit corporation that develops and manages high-quality housing for low-income seniors and working families.

Since 1989, our organization has brought forward nearly 30 projects serving these populations, with total economic impact of more than \$200 million.

During the years 1993-2006, I also had the privilege of serving as the Executive Director of the Home Builders Association of Dayton.

During that period, thanks primarily to the leadership of then Mayor and now Congressman Mike Turner, the Association partnered with the City of Dayton to sponsor 10 Rehabarama and Citirama events. These events, directly and indirectly, have generated more than \$50 million in private sector investment and, through stabilization of the city's close-in historic districts, permitted the \$100 million+ economic resurgence of the city's downtown.

In every instance, the availability, reliability, use and analysis of U.S. Census data have been critically important.

In the case of the Rehabarama and Citirama events, these data allowed us to understand the current social, economic, cultural and other demographic characteristics of neighborhoods targeted for reinvestment, permitting us further to (a) understand how much investment was required by the public sector before the private sector could be expected to do most of the heavy lifting on project

development and finance and (b) enable us to project long-term impacts on local governments' tax-revenue streams.

I understand that you had the opportunity this morning to visit the homes of Rehabarama in South Park.

These homes are a perfect case in point.

When the first Rehabarama was conducted there in 2001, approximately \$1 million of City subsidy was provided. In the homes you toured, and in 30 others completely rehabilitated or underway, 100% of the cost, more than \$3 million, will be shouldered by the private sector.

Taken together, the two Rehabarama events in South Park, and the additional investments they have encouraged, have added more than \$5 million of appraised values to Montgomery County's property tax rolls and approximately \$3 million of additional annual household income to the city's income tax rolls.

In South Park and the other neighborhoods served by Rehabarama and Citirama, the availability and accuracy of census data is the very first, and absolutely essential, tool of community redevelopment.

At St. Mary Development, each of our housing projects is financed primarily by low-income housing tax credits (LIHTCs) under Section 42 of the Internal Revenue Service Code.

Again, the availability and accuracy of census data are critically important to these projects and literally drive the feasibility – and location – of low-income housing tax credit projects.

They enable us to identify, census tract by census tract, those low-income communities with the highest level of need for housing for low-income seniors and working families. The designation of Qualified Census Tracts (QCTs) under Section 42(d) of the IRS Code brings into sharper relief those communities with the highest needs.

Since proposed low-income housing tax credit projects seldom go

forward unless they are located within the boundaries of Qualified Census Tracts, the accuracy and reliability of the data that underlie them is absolutely essential.

Mr. Chairman, we are very pleased that you have come to our great city today and very much appreciate the opportunity to submit this testimony.

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Mr. CLAY. Thank you so much. Ms. Brandt, you may proceed.

STATEMENT OF TERESA BRANDT

Ms. BRANDT. Good morning, Mr. Chairman, Congressman Turner. I'm honored to be here today, and represent Dayton View Historic District. It was one of the neighborhoods that was lucky enough to have two Rehabarama's over the period of 1999 and 2001. I've also brought in some pictures here this morning, so that you can have a visual. I know you got to actually experience South Park this morning. And I thought to have a little bit of equal time, I brought in some pictures of the various houses that are in my neighborhood.

In an effort to paint you a picture of my neighborhood, and the redevelopment effort, I believe it's prudent to give a short background in the historical perspective of the area. Dayton Historic first established its historic district in 1977 by the city commissioner here in Dayton, and then subsequently put on the historic register in 1984. In 1832, our first house was built, and it was an old farmhouse. And at the time, this area was located northwest of downtown, across the river to the city. And Dayton—and it is, as a matter of fact, but it was difficult to get to Dayton View from downtown, until the bridge came into play, and until ferries actually were transporting people back and forth across. So in many ways, my neighborhood was one of the first, “what you would see as a suburb today,” in the Dayton area. And as such, kind of like a suburb, the character of the homes were very, very different from the character of the homes in some of the other areas. Very frequently, we had very large homes. And today, we still have three of our mansions that are still in existence, although they have fallen to a bit of disarray.

During the 1930's and the rising popularity of the area with its closeness to the city of Dayton, the homes began to be dissected and subdivided. And they fell into disrepair even more and more, as time went by, and as the populations shifted for the industrial revolution. And through the war efforts, people were trying to go downtown to work in the factories, and various other places in the area. The homes became more and more dissected. Sometimes houses that were—for example, one of my mansions is 8,000 square feet, it had 32 apartments in it once upon a time. Those are teeny tiny—I mean, basically one bedroom apartments. And it wasn't until the district became historic, that it actually started to turn backward. And more and more, people are moving back into the area. With the Rehabaramas, and the first Rehabarama, they did 10 houses in the neighborhood. And the city takes the most blighted properties, the biggest eyesores, and starts renovation. And in a couple of the cases, they had to demo a house that was sitting on a lot, because it was just economically unfeasible to redevelop it.

And so you see, several of the houses that were rebuilt not quite exactly the same as they were originally, but they are much, much nicer. And the single-family homes that have been built in place, have stayed pretty stable. People that have moved into them, haven't really moved back out of the area. In 2001, they took an experiment, and decided to do some condominiums in one of our old

apartment buildings. Hopefully, taking something that Mr. Barton was talking about, and reusing it in a better way. That has been marginally successful, from the perspective that it took much longer in my neighborhood for the condos to take root. Some of those, for example, didn't sell for the first time. They were redone in 2001, and it was up to 2005 before the first—before the final one actually sold. In my neighborhood, a part of it is because of the demographics of Dayton View. We are in a bigger planning area in the city of Dayton, which is 15 percent white, 85 percent minority. In Dayton View Historic itself, we don't really keep track of the exact demographics for it. But we kind of did a quick eyeball discussion, and we figured out that there were probably 30 percent white, 70 percent minority in the district. That has some impact, too, because it also impacts the economic viability of some of this area. And I put in my written testimony, all of the docs and all of the data regarding sales and redevelopment efforts. But one of the things I did want to say in final, is that it's very important, as the census data changes and new demographics develop, that more concentration be put on the urban areas, because they are the most depressed. And they're sometimes the hardest ones to bring back. It's very easy to build a house out in the middle of the cornfield, but it's very, very difficult to redevelop and make an area re-emerge, once it's gone so far downhill.

[The prepared statement of Ms. Brandt follows:]

**Opening Statement of Teresa Brandt
President, Dayton View Historic Association**

**Appearing Before the Sub-Committee on Information Policy, Census, and
National Archives**

October 29, 2007

Good morning, Mr. Chairman, Ranking Member, Turner, and other distinguish members of the subcommittee. My name is Teresa Brandt. I am the President of Dayton View Historic Association here in Dayton, Ohio. I am honored to have an opportunity to testify before the Sub-committee on Information Policy, Census, and the Committee on Oversight and Government Reform on the effects of urban redevelopment efforts in my neighborhood.

In an effort to paint you a picture of my neighborhood and the redevelopment efforts I believe it is prudent to give a short Background and Historical Perspective of the area. Dayton View Historic District (DVHD) also sometimes known as Historic Dayton View (HDV) is approximately 17 blocks in area within a much larger planning district designated as the Old Dayton View neighborhood. This area is located northwest of downtown across the river from the traditional urban core and includes approximately 200 primary structures (excluding garages).

The historic district was designated locally as such in 1977 and placed on the National Register of Historic Places in 1984. The first structure, a local farmhouse which still stands today, was built in 1832. The area was then replatted for multiple homes around 1870, however, no new homes were built until after sidewalks and streets were completed. It was not until the 1880's that a significant number of homes were built or until after the turn of the century for its population to really soar.

DVHD is an eclectic mix of primarily single family homes with some "natural" doubles (two-family homes) and a few multi-unit apartment buildings. Single family houses within DVHD range greatly in size from about 2000 square feet up to nearly 10,000 square feet. In architectural character the span matches that of the timeframe built from "High Victorian" in the 1880's through the American Foursquare/Craftsman period nearer the turn of the century. The largest homes, built from 1910-25, were more ornate and "rich" illustrating the rise in popularity of the area and willingness of individuals to show their economic success.

DVHD is also unique as it is the only traditional historic district that is intersected by a larger thoroughfare somewhat dividing the area and creating a more transient feel to the neighborhood. The other local historic districts are bordered by major thoroughfares but not truly intersected by them. DVHD also is predominately residential with no real businesses, schools, or the like within its boundaries.

Fall from Popularity and Impacts

During the 1930's and the rising popularity of the area with its closeness to the City's center created other conditions to emerge. The larger homes became subdivided time and again into smaller units to help meet the need for housing that was growing quickly partially due to the needs of the war efforts and the industrial revolution. As these conditions eased a new phenomenon occurred.....the use of the automobile enabling families to move farther and farther from the urban core. DVHD began its fall from popularity and the homes, many of which had been subdivided, became rental units creating more and more flight from the area of the traditional middle class family units. The largeness of the homes and the weakened market made the area ripe for other conditions to emerge.

The larger homes, already subdivided, began to be converted to "nursing facilities", cheap apartments, boarding houses, and the like, several of which still exist today. This atmosphere also encouraged many illegal activities to emerge such as illegal liquor establishments, drug houses, prostitution, etc. Homes became "covered" by cheap materials of the time such as aluminum siding and storm windows and many of the original details were removed or obscured further hastening the decline of the original character of the neighborhood. The decline continued until the 1970's when outside intervention began to reverse the downward trends.

Significant Efforts Reversing the Trends

In 1977, the City Commission designated a portion of the area historic. This designation refocused the public's interest in the architectural character and uniqueness of the area. As has happened elsewhere in the country, the more culturally aware and trendy individuals began to see value in the area. Homes were purchased cheaply (sometimes for as little as \$1 from the City) and work began to convert them back to a grander style. However, DVHD was not able to completely shed its image of being a lower class housing area and crime rates soared with boarding houses, drug houses, prostitution and illegal liquor establishments continuing until further intervention occurred. This negative perception of the area but its beautiful detailing within the homes fostered another crime to emerge.....that of "stealing" the magnificent interior hand carved mantels and detailing for use in homes in "safer" areas.

It wasn't until the 1990's when several significant events/programs began to make a really significant impact and reverse the downward trends. These included the construction of a new City Police Station, the awarding of a Federal HOPE VI grant (Federal award in the amount of \$18.3 million with a projected leverage impact of \$50 million) on our border, and the first of two Rehabarama's (total investment of \$6.3 million), a nationally recognized City effort to infuse money quickly into an area by restoring a few of the most blighted existing homes or constructing new homes in the character

of the originals. Rehabarama efforts in Dayton were started by then Mayor Michael R Turner (now a Congressman) in the early 1990's on a smaller scale in two other historic neighborhoods.

Historic Dayton View Rehabarama 1999

The HDV Rehabarama effort in 1999 was unique in a number of ways. First, it was the first Rehabarama effort where new homes were constructed to "in-fill" or recomplete city block faces where original homes no longer existed. Second, a historic home was physically moved from outside the district's borders back into an empty lot within the neighborhood. Thirdly, the homes "rehabbed" or restored were larger than any previous ones undertaken.

The new homes ranged in size from 2400-2600 square feet of completed living space. Sales prices ranged from \$160,000 to \$199,000 for an average sales cost per square foot of between \$67 and \$77.

The relocated home at just over 2600 square feet sold for \$196,500 or \$75 per square foot. The rehabbed homes, ranging in size from 2400-4000 square feet sold for between \$165,000 and \$250,000 or \$58 to \$67 per square foot sales price. An additional factor of note is that those homes which sold during the Rehabarama event or soon thereafter sold at generally higher prices than those that did not sell for a longer period of time. This is true for both new construction and rehabbed efforts.

The total costs of this Rehabarama effort was \$3.2 million dollars with an average cost per unit for construction/rehab/marketing of \$320,000 per unit vs. an average sales price of \$182,950 or an unrecovered subsidy of \$137,000 per unit.

Historic Dayton View Rehabarama 2001

In 2001, HDV received another "first". It was the first time the City returned to the same neighborhood for a second effort. This time the mix of housing types changed. Only 2 single family homes were rehabbed, 1 traditional two-family home was offered as two separate units, one new home was constructed, and a small apartment building was converted to 8 separate condo units. The two separate rehabbed homes ranged in size from about 2500 square feet to almost 4000 square feet with sales prices of \$180,000 and \$250,000 for an average sales price of \$73 and \$63 per square foot respectively.

The new construction home, a much smaller version than offered previously at just over 1600 square feet, took just under two years to originally sell. The two family unit did sell as two separate units but also took much longer to sell (May 2005 for the later half). The multi-unit condo complex consisted of 4 one bedroom, first floor units and 4 two-story townhouses. The one bedroom flats took over four years to originally sell with prices declining as time went on.

The four nearly identical townhouse units have experienced a similar scenario. Original sales of each unit were higher than that of the flats, however, as time passed those units remaining on the market sold at lower prices.

The total costs of this Rehabarama effort in 2001 was \$3.16 million dollars with an average cost per unit for construction/rehab/marketing of \$243,000 per unit vs. an average sales price of \$119,231 or an unrecovered subsidy of \$123,769 per unit. These numbers are a bit less than in 1999, however, the market mix of those offered changed in both size and type. And, it is important to note that the “product mix” is critical to quicker sales. Condos and a smaller, new construction home were not well received by the market (taking nearly 5 years for original sale of the final units) but the two single family restored homes sold very quickly (final closings recorded by November 2001, four months after the event).

Corollary Prices of Non-Rehabarama Home Sales

Housing prices of similar homes of similar size that were also rehabbed and sold during this timeframe rose as well. From 2000-2004 the perceived value of the like housing stock remained high. That is, these like homes sold for similar prices to those in the Rehabarama bolstering market values of existing restored homes. Unrestored homes or those which needed major updates remained fairly constant in price over this time period and continues to date.

Since 2005, however, there has again been a decline in housing values or perceived housing values as “like” restored homes have remained on the market for much longer periods of time and then sold for significantly less than like homes did in 2004. This is mirrored by the length of time it eventually took for the restored condos in the neighborhood to sell.

Ethnic Mix and Household Incomes Based on 2000 Census Data

Accurate percentages of minority to non-minority households are not separated for the area since DVHD is a part of a larger planning district. In the larger district, Old Dayton View, the mix by declared race is 15% white and 85% non-white total population. Within the HDV we do not keep track of ethnic origin preferring to believe that a good neighbor is key not their racial or socioeconomic background. However, for purpose of discussion here I spoke with several other neighborhood officers and we did a quick estimate of the residents of the historic district and estimate that the percentages are closer to 30% white and 70% non-white. Additionally, while the total population of Old Dayton View includes 730 households, we estimate that there are approximately 250 households within HDV (includes single family homes and all others living in apartments, condos, or two-family homes). The mean income level in Old Dayton View is \$35,380 with the median being \$17,425. For HDV, an estimate of at least \$40,000 as mean is likely appropriate.

Although I can not verify this definitively, this estimate is reasonable considering in the most recent releases of CDBG eligible neighborhoods by the City of Dayton, HDV is itself ineligible due, I'm told, to the average income being over the threshold.

An additional item of note is that thus far the impact of the HOPE VI project has not been measured via census data. This is because the first homes have just been built/purchased within the past two years and families are beginning to move back to the area. Since a great majority of these homes are "market rate" homes with historic flavor though not within the boundaries of HDV, I believe that the economic numbers for Old Dayton View area will begin to change more dramatically as time goes on although the minority to non-minority ratio will likely remain constant.

Impact of Population as a Result of the Rehabarama's

The two Rehabarama's did much to improve the perception of the area both internally and externally. Many homeowners began to further improve the appearance of their properties knowing that the spotlight would be focused on the neighborhood. Additionally, for the 1999 event matching grants were offered by CityWide Development to existing homeowners to help them improve their properties. Total match available was in the \$4,000-5,000 range with approximately 11 homeowners taking advantage of the program for visible exterior improvements such as painting, porch repairs, gutters and the like. Therefore the impact of improvement to the neighborhood was much greater than only the large improvement for the featured properties.

As a result of the 1999 Rehabarama, 10 new higher income earning families (conclusion drawn based on need to finance a new home with an average sales cost of \$182,950) came to HDV in houses that had been previously blighted or had not existed. Of these new households half were purchased by white homebuyers who had not previously lived in the area. The remaining five were purchased by black/African American homebuyers who also had not previously lived in the area. Only one of the homes from this event was purchased by a family who had a child/children living with them and that house was the last one sold.

As a result of the 2001 Rehabarama, 12 homes (including condos) were ultimately sold to new homebuyers for the area and one (a condo) was sold to a current "empty nester" who was downsizing. One home was purchased by a new homebuyer with a child/children. All other homebuyers were single households, "empty nesters", or young couples without children at the time. Of the 13 homebuyers, the rehabbed single family homes were sold to non-white buyers, the new construction home was sold to a single white male, the two halves of the natural double were sold to singles who were both non-white and sales of the condos appear to be more mixed but with slightly more white than non-

white buyers.

Although the Rehabarama's brought much positive attention to the area, it did not significantly change the ethnic mix of the neighborhood for several reasons. First, with only 23 homes being purchased the number is not significant enough to really change the overall percentages. Second, of the original white homebuyers who purchased homes in 1999 (n=5), four have since sold their homes and relocated outside the City. The numbers for the 2001 Rehabarama have remained relatively constant, of those properties having been resold, the ethnic mix has not changed.

The greatest value to the area comes as a result of the increased awareness of "quality" homes evidenced both visually and by higher property values showing that these type efforts are critical to spur investment and revitalization of an urban area. It is particularly critical to leverage decreasing public monies with private investment. Clearly there is a market in the City of Dayton and this particular area for single family, higher priced, stand alone homes. There does not appear to be much market in this area for condos or sales of 2 family homes to different families. Whether this is due to a difference in perception ethnically or merely a lower interest in a less historic looking property within a historic district is not known.

What is critical is a "shot in the arm" or a surge of investment being repeated into one area until prices stabilize and perceptions are changed. Although DVHD has not had a significant new surge of capital infused since 2001 and property values have begun to fall a bit, it is interesting to note that more and more families are beginning to move into the area. On my block alone, in 1999 there were only 3 children living in two single homes while today there are 17 children all under the age of 11 in 6 different households. Clearly, the perception of a safe, economical environment partially driven by the focus from the Rehabarama's has been evidenced by the moving in of new families with young children.

Mr. Chairman, Committee Members, thank you for allowing me this opportunity to talk about my neighborhood and our redevelopment efforts. I hope that I have given you a good overview of the situation and that you will understand that it is vital to our urban cities' recovery for multiple types of programs such as those I have described to help urban areas begin to recover. For my neighborhood to continue its recovery it is critical that more funding occur to help continue our efforts. We are working to find these funds and forming new and unique partnerships (both public and private) to further spur reinvestment and redevelopment. If future funds are forthcoming from some as yet undefined sources and our new partnerships solidified ways, will be found to continue the perception change, spur more "pride" in our urban areas and creatively leverage these funds for maximum impact.

Mr. CLAY. Thank you so much for that observation. Ms. Gasper, please proceed.

STATEMENT OF THERESA GASPER

Ms. GASPER. Thank you for the opportunity to present today. I hope you enjoyed the tour. As you can see, we're a little proud of our heritage of the Wright Brothers.

Mr. CLAY. Yes, I do.

Ms. GASPER. As mentioned I am one of the two investors behind this year's Rehabarama in South Park, which just finished up last Sunday, a week ago yesterday. The other investor is Michael DiFlora from the Home Group. I didn't realize, until after I submitted my written testimony, that he wasn't going to be here today. Being the engineer, he would have provided a lot more statistical data. In his absence, I'll try and focus more on the numbers, and less on the stories of our experience, also known as our adventure.

I confess, we did not rely heavily on census data, and that is primarily because the reason we chose South Park, in addition to Karin getting a hold of me and not letting go, is that's the neighborhood I grew up, and I'm the fourth generation, on my father's side, to live there. We moved out in 1972. And since I've left, I always wanted to come back and revitalize it.

This is the first time Rehabarama has been done with the private investment. The city did provide \$100,000 to the Homebuilders Association of Dayton, who market managed the show. To date, Full Circle Development and the Home Group has invested between \$2 and \$3 million of private capital into South Park. We made a deliberate decision to not use public funding, because of the shrinking pool of resources.

Michael and I selected South Park, primarily due to the neighborhood's leadership, passion, tenacity and proactive problem solving. We decided our critical number would be reducing the number of vacant properties. When we started 18 months ago, there were more than 80 vacant houses. Today, we have a total of 30 homes, and one vacant lot. We did have a second lot, but we sold that recently to an architect who moved into the neighborhood. Our process has been to visually identify the distressed homes. Again, we go after the worst and the blighted. We rely heavily on tax records, county tax records, to find out who owns the houses, if they're delinquent on their taxes. And if it is an absentee owner, how many properties that they may own. The neighborhood leadership worked with us very closely, in letting us know the property was behind in its tax bill because of a medical hardship, or a personal hardship, or if they were a nuisance to the neighborhood. And very often, they helped us track down the owners, and their contact information in some interesting fashion.

Our primary contact is a vacant home, with an absent-type owner, who's behind on their taxes. Predator lending has had a real impact on that neighborhood. Occasionally, we have been able to buy out absentee landlords. A couple of weeks ago, Business Week did an article on foreclosure prices. One of the numbers they talked about, was that a foreclosed home reduces the property values of every home within 200 feet by 1 percent. Locally, I've heard numbers anywhere from \$1,500 to \$5,000 per house. We believe

that by targeting vacant properties, we can make them tax productive again, and increase the values of the adjacent properties simultaneously.

Vacant properties often attract theft, vandalism, and can become a hideout for drug dealers or vagrants. Decreasing the number of vacant properties, raises the property values, which leads to a great pool of resources for the city and county, as well as reduces the need, then, for services such as housing inspection, police, and fire.

Our goal is to make these homes as maintenance free as you can for a 125-year-old house. We focus on structural, mechanical issues, such as roof, plumbing, water heater, wiring, windows, doors, porches, sidewalks heating, air conditioning, kitchens, and baths. There's not a lot left after that. Again, making it very expensive to rehab these homes. But our goal is to make these homes owner occupied dwellings, and to make them too nice and too expensive to become renter properties.

There is a rule of thumb, at least here in Dayton, that in order for a neighborhood to remain stable, it needs to have a minimum of 60 percent of the structures as owner occupied. According to the last census data, the South Park planned development area, not just the historic district, is 32 percent owner occupied. You see, we have a lot of work cut out for us.

Some of our challenges have been property acquisition. Very often, a house is tied up in probate, or in an estate. And if there are any surviving family members, they're not sure who had the legal right to sell it. Other times, the impacts of predatory lending, the mortgage value is much higher than the market value, and it's impossible for an owner to sell. And now we're seeing, because of the show, people are opportunists, and are trying to increase their property asking prices.

We've had a very cooperative, but unfortunately ineffective housing department and housing court. Current ordinances do not have enough teeth, and absentee owners have learned how to work the system. They do realize, that often times, the client is cheaper than the repairs, and the work goes unfinished. What surprised me, was lower income neighbors who believe the rich people were trying to make it for them to live in South Park. Their displeasure is often shown by theft, vandalism, or sometimes just hurling insults in general.

So while this has been a private investment, I believe the ideal situation is a combination of public and private resources, and not so much capital from the city, but resources as far as street maintenance, police, and fire. Lessons learned, you can't do this without strong neighborhood leadership and support. And while noble on our part, this venture needs to be profitable, in order to attract other quality investors, to join our cause.

Again, thank you for the opportunity, and I'll be happy to answer any questions.

[The prepared statement of Ms. Gasper follows:]

Testimony for the Information Policy, Census and National Archives Subcommittee of the House on Oversight and Government Reform Committee. Monday, October 29, 2007 at Carillon Park in Dayton, Ohio.

I am Theresa Gasper, the founder and President of Full Circle Development LLC, a company whose mission is to *revitalize neighborhoods one house at a time*. I am one of the two investors, along with Michael DiFlora of The Home Group, behind this year's RehabaRama in South Park, which just wrapped up this past Sunday, October 21, 2007. This is the first year that this type of event has been produced using private funding. Michael & I made a very conscious decision to use our private capital vs. applying for any grants or public funding. While both of our companies are 'for profit', this was primarily a philanthropically motivated project. The only public funding involved was the City of Dayton contracting with the Home Builders Association of Dayton to market and stage the show. All property acquisition and renovation was done through private investment.

While Census Data can be a useful tool in determining the demographics of a neighborhood, unfortunately it only reflects a moment in time and is often not a reflection of current demographics. In a neighborhood such as South Park, with a large population of investment or rental properties, the turnover can be high and not captured by a ten-year census. A lot has changed since 2000.

My primary reason for selecting South Park was a very personal one - it's the neighborhood I grew up in. I was saddened and frustrated watching this and other inner city neighborhoods fall into a state of decay and decline, due in large part to the economy and predatory lending. In spite of that, I felt there were many converging trends that made this an ideal 'test market'. For example:

- New Urbanism – many individuals are drawn to an urban atmosphere which is typically more vibrant, walkable, dynamic & unique. Not all individuals want a loft condo in the City Center, but still want a house with a yard for gardening or for their children and/or pets to play safely. For years the American Dream has been about living in the suburbs, in the house with the white picket fence, the cat in the window, the dog in the yard, and two cars in the driveway. Today more people seem to crave the diversity of an urban environment – they want to live in a neighborhood with a housing stock that is as diverse as the people living there. They are tired of the cookie cutter look of the suburbs.
- An emerging "anti-sprawl" sentiment – people are beginning to understand the negative impact of urban sprawl and are seeking ways to reduce their footprint on the environment. I recently met a couple from the DC area who were house hunting as a result of a job transfer to Dayton. She told me she could understand sprawl in a large city where you need to move away from the center to find more affordable housing. She couldn't understand it here in the Midwest

————— { Theresa Gasper, Full Circle Development } —————

because the affordable housing is in the City and the expensive homes are in the suburbs. How many million dollar homes in the 'burbs can we afford? How many farms are we going to develop?

- The rising cost of fuel – people are tired of paying nearly \$3/gallon and of long commute times. More and more individuals are looking to live closer to their place of business or to the performing arts community. We are seeing a lot of empty nesters move back into urban areas because their kids have grown, the school system is no longer an issue, and they are often downtown for the arts, ball games or other events.
- Craving a sense of community – the culture of the dot.coms and working virtual may work in large metropolitan areas, but I believe (especially since 9-11) people are craving a sense of community and want to know their neighbors. South Park does an incredible job of promoting social activities, as well as meaningful projects, to engage their neighbors and foster that sense of belonging. It is because of the dedicated neighborhood leadership and volunteers that our work began in South Park and not another Dayton neighborhood.
- Time & talent constraints – there don't seem to be as many 'urban pioneers' these days – those individuals who buy a distressed house and renovate it with blood, sweat & tears. Urban living is trendy, but many people just don't have the time or the talent to renovate a home on their own. We are providing relatively maintenance free homes in a historic, urban neighborhood that are move-in ready.
- Pricing of adjacent neighborhoods – the Oregon District is the neighborhood just south of Downtown and adjacent to South Park. The two neighborhoods are geographically divided by SR 35. Oregon has long been the premier historic district but is now being viewed as too expensive, considering many of the homes are in need of another renovation in the near future. South Park is still a very affordable neighborhood and one where the property values will stand a better chance of appreciating; something that's a rarity in today's housing market.
- Our goal has been to reduce the number of vacant and/or distressed rental properties, completely renovate them and create owner occupied dwellings. There are some 'rules of thumb' that are readily used and agreed upon, at least in our market. One is that in order for a neighborhood to remain stable, at least 60% of the structures must be owner occupied. Second is that a vacant property can reduce the values of the adjacent properties by approximately one percent (1%).

Michael & I believed that we needed to gain critical mass to have an immediate impact. South Park is the largest historic district in the City of Dayton and one of the largest in the state. There are more than 700 houses just in the historic district. When

————— { Theresa Gasper, Full Circle Development } —————

we started, there were 80+ vacant homes. Between the two companies, we own approximately 30 houses and one vacant lot.

Full Circle Development has focused primarily on the 600 block of Oak Street, which was widely viewed as the most blighted and distressed block in South Park 18 months ago. Today FCD owns six properties in that block, is under contract on another, and is awaiting release of another from the Dayton Metropolitan Housing Authority (DMHA) once HUD approves its release from inventory.

The projects on that block include renovation of two single cottages, the joining of two other cottages into one single family dwelling (all the living space on one side and the private space on the other); a double that is being converted to a single family, and a former shot gun that is being expanded into a story & a half home. In other words, we are looking at creative usage for historic homes that are more desirable to today's lifestyle.

Our process has been to walk or drive through to visually identify distressed properties. From there we refer to the tax records to determine who owns the property; is it owner occupied or is there an absentee owner; and, does that owner have multiple properties in the area. We also look to see if the property has any delinquent taxes. Our primary focus is on vacant, absentee owned properties that are delinquent. We try to avoid owner occupied dwellings, unless we are contacted by the owner or a neighbor informs us that the owner is interested in selling. Often times the houses we acquire are bank owned properties due to foreclosures.

While Michael & I still have an available inventory of homes to renovate and sell, there are still dozens of vacant structures. We are buying incredibly distressed properties and until you replace the roof, windows, plumbing, wiring, kitchens, baths and deal with any other hidden surprises, it is very difficult to break even, let alone make a profit. If we are going to attract other like-minded, quality investors to work either in South Park or other neighborhoods, it has to be a profitable model. There aren't too many philanthropically motivated individuals like Michael and I who are going to be willing to do this at a loss for long. One of the biggest expenses is the acquisition cost. Especially now that our efforts are very visible, property owners are artificially inflating their asking prices. Sometimes we are forced to pay more than a property is worth just to get it out of the hands of slumlords.

As I first mentioned, this is the first time RehabaRama has been done with private investment. However, I believe that in the future, we will need a combination of public & private funding to be successful. I believe Wright Dunbar was effective because the City cleared the lots and sold them for \$1 each. More than financial contributions, we need assistance with Police, Housing, Street & Sidewalk Maintenance, etc. And we truly need assistance in acquiring difficult properties, as described below.

————— { Theresa Gasper, Full Circle Development } —————

Often times, some of the worst properties have been abandoned or are tied up in an estate or in probate. No one is sure who owns the property or who has the legal right to sell it. In one case, an elderly woman in her 90s passed away leaving her house on Oak Street to her two sons. Before the will could be executed, one son passed away and the other (who lives in Oklahoma) suffered a stroke leaving him in a vegetable-like state until his death several months ago. He did not have a will or power of attorney, and no one in the family knows what to do with the property, which has now been sitting vacant for more than five years. Their attorney has advised them to stop paying the property taxes so the City will take it back. The City does have a REAP program designed to gain control of properties that have been vacant for a minimum of six months and that are at least two years delinquent in their taxes. It can be 18 months once the process is initiated until title can be transferred.

We need a way to quickly and effectively gain control of properties that have clearly been abandoned. Another typical scenario is a property goes into foreclosure, the bank realizes they will never be able to recoup their losses, so they halt the process, but the former owner assumes they've lost control and abandons the property. It languishes and we have no effective or cost effective means of acquiring the property and renovating it. So it sits abandoned, and contributes further to the decay and decline of the neighborhood.

One of our biggest headaches has been vagrants who are scrapping illegally in the neighborhood. South Park is very close to a high concentration of homeless shelters & day facilities. Many of the clients of these facilities are mentally ill or substance abusers. They don't like to stay in the facilities other than for meals and often time break into vacant structures to sleep and to stash their (often stolen) belongings. They go through all the trash cans on collection day, through the construction dumpsters and they also break into vacant homes and steal building materials or the copper plumbing, an event we can almost predict when copper prices increase dramatically.

South Park recently had an alley sweep where we uncovered the stash of a known homeless, scrapper named Tim. Tim was storing stuff on the porches of three vacant homes and the garage of a fourth. Several days later, another stash of his was discovered in the back yard of another vacant property. While I recognize that he's ill and homeless and is trying to make a living, he is stealing materials and literally 'trashing' multiple properties with his stash of junk.

One of the unintended consequences of revitalization efforts in low to moderate income areas, is that it creates opportunity for homeless, vagrants, thieves and scrappers. Where there is construction, there are building materials and tools. Another is that some neighbors are not happy with the changes we're bringing to their neighborhood. During RehabaRama, we had numerous neighbors out on their front porches with the stereos blaring, signs of protest in their windows and in some cases

screaming at the tour goes about being rich people trying to run them out of their neighborhood. They don't view this project as an opportunity for them to have quality neighbors who care for their homes, they feel threatened.

We are often accused of trying to gentrify the neighborhood and push out the poor by making the houses too expensive for them. I maintain that there is an abundance of programs in place for low income and affordable housing, but who is looking out for the middle class? I worry less about the person whose property taxes will increase as the result of our efforts (and none of their own), because that also means the **value** of their property has increased. I worry more about the person who has made an investment in their home (which is typically a family's single biggest asset), and its values are being reduced because of absentee landlords who don't properly screen their tenants and allow unlawful activities to occur. Our goal is not to gentrify the neighborhood, but to eliminate the number of vacant properties and reduce the crimes that are associated with vacant properties (vandalism, drug traffic, etc).

I would like to add that along the way we've had a lot of cooperation from the City of Dayton in the area of housing inspections, the Landmarks Commission, and the Dayton Police Department. The City has limited resources and, our secondary goal is (as The Home Group slogan states) "Raising Dayton's Property Values One Neighborhood at a Time." We believe increasing the property values will increase the tax base and give the City & County more resources to provide increased and improved services such as housing & code enforcement, police, fire and other quality of life projects. By targeting structures that have been vacant for as many as 7-8 years, we not only make that house a productive property again, but we increase the property values of the homes immediately adjacent to it. In other words, a rising tide raises all boats.

While the City personnel have been cooperative, often times their hands are tied by ineffective laws or ordinances. Dayton needs a strong, dedicated Housing Court with tougher consequences. Absentee owners know how to work the system and avoid properly maintaining their properties. They are rarely fined, or if they are, it's cheaper to pay the fine than make the repair. A new city ordinance has been enacted that requires the disclosure of any housing violations prior to selling a property, but often times the buyer doesn't know about them until they get to the closing table. Many property owners still are not disclosing unresolved issues, but the Title companies provide the documentation at closing.

While the housing market is currently very soft, Dayton stands to benefit from the BRAC realignment and expects the relocation of individuals from Virginia, San Antonio and Monterrey CA to WPAFB. Many of those individuals will prefer an urban experience to a suburban one and are an ideal target market. By revitalizing South Park now, we will be ready for the new arrivals to our City next year and beyond.

————— { Theresa Gasper, Full Circle Development } —————

I would be remiss if I failed to mention another obstacle we are facing with many real estate agents in the region. The aforementioned couple from DC was working with an assigned relocation specialist who essentially refused to show them anything other than suburbs. Most agents immediately take potential buyers to Springboro, one of our southern most suburbs. We've heard story after story about people specifically asking for a historic neighborhood or wanting to see downtown lofts only to be told "you don't want to live there" and are then escorted south again. This particular couple did some research and found a Historic Home Specialist, and eventually found a home in one of Dayton's historic neighborhoods, Grafton Hill. My point is that our revitalization efforts will be in vain, if the real estate community fails to show City of Dayton neighborhoods and continues to steer people to the suburbs.

I belong to a task force that is currently seeking funding to hire the services of Richard Florida's Creative Class Cities program. While Florida's research is sometimes viewed as controversial and unproven, I strongly believe that economic development efforts should be focused on attracting TALENT, not companies or jobs. Companies look for three primary features in a location – a pool of appropriate talent, good schools and the infrastructure to support their line of work. If a region has the talent base needed, companies will naturally relocate to that region without the City or County governments' need to fight over or give away the ranch to them in the form of tax credits and incentives. To do so just further erodes the tax base, and creates the decline of the very things important to that company's site selection.

South Park is a fantastic representation of a Creative Class neighborhood. Its residents include architects, attorneys, physicians, professors, musicians, artists, published authors, entrepreneurs, teachers, nurses, realtors, firefighters, police officers, ministers, historians, IT professionals and more. Dayton has strong elements of the Creative Class, and by using the framework provided by Florida's consulting group, we will, through the participation of hundreds of citizens, emerge with initiatives designed to attract and retain more of the Creative Class to our region.

In closing, while we're focusing initially on 30 houses, the goal is to revitalize a neighborhood, create a model that others can duplicate, and improve property values so the City & County have a greater pool of resources to further improve the region. Many do not view housing as a critical component of economic development, but I beg to differ. I agree with Richard Florida's research that says "Place or Territory" is a very important consideration to the Creative Class. My plan is to continue working in South Park for at least another two years to keep the momentum going. If we are truly successful in turning this neighborhood around, I would like to teach others how to replicate our efforts in other neighborhoods – either within the City of Dayton or around the country.

————— { Theresa Gasper, Full Circle Development } —————

Thank you for the opportunity to testify as part of this hearing, it will be my pleasure to answer any questions you may have.

Respectfully submitted by,

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{ Theresa Gasper, Full Circle Development }

Mr. CLAY. Thank you so much for that testimony. Ms. Manovich.

STATEMENT OF KARIN MANOVICH

Ms. MANOVICH. Thank you. I really appreciate the opportunity to be here, Chairman Clay, Congressman Turner. I'm speaking today, specifically on the impact on population of South Park Rehabarama. South Park, as mentioned earlier, was fortunate enough to have two Rehabaram shows, one in 2001, where five dwellings were completely renovated, and three new construction projects were showcased. And in October 2007, which you toured this morning. The impact on Rehabarama on South Park has been significant and multi-faceted. The first Rehabarama show, the eight houses were done—all five of the houses sold either before or during the show. And three houses sold within 2 months of the show. The most distressed properties were targeted with the census data used. We had 14 percent of our housing stock was vacant in 2000 census, with 54 percent rental property and 32 percent owner occupied. The goal of Rehabarama was to reverse that trend to increase owner occupancy, decrease vacants, and reduce the number of rental properties, with South Park being the largest historic district of Dayton, with nearly 800 homes to tackle. Prior to 2001, the neighborhood had been struggling on its own without no outside help to take on these properties house by house. When Rehabarama occurred in 1993 in another historic district, South Park and many other neighborhoods lined up, as we saw the impact on that neighborhood was stunning. And when we finally had our turn in 2001, the asking price of the homes was approximately 30 percent above the current market values in the neighborhood. Most of the homes were modest in size, with the smallest being just under 800 square feet. Once the show was over, the high publicity and high attendance of the first show where several hundred people came and toured the homes, were professionally decorated by the Dayton society of interior decorators, that had an impact on the neighborhood that I didn't expect. It lasted for probably 2½ years, where new residences were attracted into the area to purchase the other homes, not just the homes that had been restored. But also, other residences of the neighborhood felt competent in re-investing, by doing additional homes. The property values in the neighborhood almost immediately went up about 30 percent.

As a part of that Rehabarama, there was a matching grant for exterior home improvements to homeowner occupied dwellings in the neighborhood. Everybody took advantage of that, and used up the entire fund. So we had a domino effect. We had the eight homes from Rehabarama. We had the exteriors of the existing homes. All of this combined to really improve the image of South Park, and fuel the demand for the housing stock that at times, exceeded what we had available. So we saw the first Rehabarama as a catalyst, that drew people back into the city, increase the number of taxpayers by—occupying uninhabitable homes. All the original buyers from the 2001 show have remained in their homes, with the exception of one, who moved out due to a job transfer. And he was able to quickly sell his house in 2006 for 14 percent above the Rehabarama asking price. So we have seen a huge positive influence from the first Rehabarama. And when we had an opportunity

to attract private investors into the neighborhood to do multiple homes.

We did go to the city and lobby for money for the show, which the city quickly and generously agreed to do. Second Rehabarama, likewise, has had a domino effect. Before we even had the show, we were recipients of the American Institute of Architect's 150 grant, due in large part to our plans for Rehabarama 2007. We felt—we felt that we could actually implement some of their suggestions in the Rehabarama show, and that was crucial in us being selected for that grant. In fact, in this show, we have three examples of some of their work in the homes. We have Infill Designs and Renovation Designs that are geared toward attracting the demographics, that we feel that we can attract back to the city, the aging baby boomers. Many of our homes have been designed to not only appeal to young people just starting out, but also people as they age, one-story properties.

We've seen a significant impact from both Rehabarama shows, in that the publicity surrounding the event, and the number of people coming into the event has managed to attract people to South Park proactively. We've been able to change our demographics since the first Rehabarama by increasing a lot of the incomes, and the professional people who live in South Park. For example, since the first show, we've added approximately 25 University professors, 3 physicians, 3 architects, multiple attorneys, healthcare professionals, Air Force officers, and several business owners. We should see in the next census, an increase in the income level South Park, as well as a change to the level of owner-occupied and vacant properties.

The most significant benefit of Rehabarama is the education of thousands of suburban dwellers who actually come into the show, about the benefits of city living, especially the sense of community that it brings. In the midwest, there's a negative stigma associated with many cities, where it's assumed that individuals only live in the city if they're poor and don't have other options. Bringing people into the city to dispel these notions is a crucial component on the changing of the culture, in motivating people to return to the city. Allowing people to tour the upscale, attractive and affordable homes that Rehabarama has showcased, sends the message that city living is desirable, and many people live in the city by choice. Thank you.

[The prepared statement of Ms. Manovich follows:]

Rehabarama: the Impact on the Population of South Park

*Testimony by Karin Manovich for the Information Policy, Census and National Archives
Subcommittee of the House on Oversight and Government Reform Committee.
Monday, October 29, 2007 at Carillon Park in Dayton, Ohio.*

Background

Historic South Park is fortunate to have been the site of two Rehabarama development projects during the last six years. In 2001, five dwellings were completely renovated and three new construction infill projects were showcased and sold to owner occupants. The second Rehabarama show was held in October of 2007 and included ten completely restored homes and three in-progress houses. The impact of Rehabarama on South Park has been significant and multifaceted.

Rehabarama 2001

During the first Rehabarama, which was entirely publicly funded with an estimated cost of \$2.5 million dollars, properties were acquired in the most distressed area of the neighborhood. The acquisitions included uninhabitable properties, a fire damaged structure, a large duplex, and a vacant lot. Many of the properties were owned by absentee landlords, who had driven down property values and the quality of life in the neighborhood by neglecting their properties. According to the 2000 census, 14% of the housing stock was vacant, with 54% rental property. The goal of Rehabarama was to increase owner occupancy by reducing vacant properties. At the time of the 2000 census, South Park homes were 32% owner occupied.

Historic South Park is Dayton's largest historic district with nearly 800 homes. Prior to Rehabarama 2001, the neighborhood had been struggling on its own to reduce blighted rental and vacant homes. Multi-units, originally built as single family homes, had been gradually returned to owner occupied singles. Boarded up vacant homes had been slowly restored. Citizens of South Park spent several years lobbying for Rehabarama, which first was held in another Dayton neighborhood in 1993. The impact on that neighborhood was stunning, and had many Dayton neighborhoods lined up for a turn.

The finished homes in the 2001 show were priced at roughly 30% above the current market values in the neighborhood. The homes were mostly modest in size, with the smallest under 800 square feet. Five of the eight homes sold before or during the 10 day home show, with the final three selling within two months following the show. All homes sold at or just below the asking price. The immediate impact on the community was to raise property values about 30%. In addition, the positive publicity and high attendance figures (thousands of attendees) attracted new residents into the community purchasing other homes in the neighborhood, both finished and in need of restoration.

The City of Dayton also offered residents a matching grant for exterior home improvement projects completed during the months preceding the show, and

immediately after. The fund was used up almost immediately, which generated thousands of dollars worth of private investment in existing owner occupied homes in South Park.

The concentrated, highly visible exterior work on many structures in South Park had a domino effect in urging others to improve their properties. The demand for owner occupied properties in the district grew in the months and years following the show and fueled the continued revitalization of South Park. The literature from the 2001 show was used to attract additional investment in the neighborhood for years to come.

As a direct response to the 2001 Rehabarama, South Park has increased the income levels of its population and the overall number of taxpayers living in previously uninhabitable homes. Other vacant properties in the immediate area of the show homes have been restored by others and subsequently occupied by tax payers. All original buyers of the 2001 show homes are still living in their houses with the exception of one family, who reluctantly moved after an out of state job transfer. That property sold quickly to a new occupant in 2006 at a price increase of nearly 14% over the original Rehabarama sales price.

The effect of rough economic times in the City of Dayton has been the elimination of Rehabarama during the last five years. Much of the loss of such development funding has been due to the aging City population and flight of younger income producing occupants to the suburbs.

Rehabarama 2007

South Park neighborhood volunteer leadership approached the City of Dayton in early 2006 with a proposal seeking funding for another Rehabarama show. This time, the show itself would be the only component needing public funds. The property acquisition and construction costs would be privately funded by two significant investors who were willing to restore up to 30 homes in South Park and spend up to \$3 million. The City of Dayton quickly agreed to fund the show itself and allocated \$100,000. The public funds were for show management, venue, marketing, security, decorating and printing costs only. The agreement came largely due to the anticipated taxes that would be generated in the future if 30 vacant homes were eventually occupied by taxpayers.

The impact of the second Rehabarama show came even before the show final approval with South Park's receipt of the American Institute of Architects (AIA) 150 Grant. South Park was selected for this grant due in large part to the fact that we would be hosting Rehabarama in 2007. The AIA 150 grant included \$100,000 of professional services redesigning South Park's commercial area, park spaces, streetscapes, rehabilitated properties, and infill construction.

Rehabarama 2007 included homes with three designs from the AIA program, and the participation by the local AIA chapter in the show itself.

Thirty homes were acquired by the investors to prepare for the Rehabarama show. An inventory of the housing stock in Historic South Park eighteen months prior to Rehabarama 2007 indicated that 90 homes, or about 11% of all houses, were vacant. The impact of eventually occupying thirty vacant homes with taxpayers is compelling. Not only will the City receive additional revenue, but the quality of life in the neighborhood with the substantial reduction of vacancies will improve immeasurably.

Geographic critical mass was necessary for a successful, walkable Rehabarama event. The ten closest homes were completely restored, professionally decorated by members of the Dayton Society of Interior Decorators, and opened to the public. The homes were priced again, roughly 30% above the current market rate. An estimated 4,000 people toured the homes, with one house selling at almost \$50,000 more than the highest selling single family home ever in South Park.

South Park prepared for Rehabarama 2007 by marketing the neighborhood in advance of the show to generate interest in attending the show and, hopefully, purchasing the homes. An all day outdoor jazz festival was held in the neighborhood a few weeks prior to the show which drew in 1,500 people. Tickets were distributed at the jazz festival and many participants subsequently attended Rehabarama. In addition, South Park volunteers organized a *Get Urban* event, featuring a nationally recognized expert on urban living, to promote Urban Living in general. This event was attended by 400 people. A live radio broadcast "Breakfast with the Beatles" was held in the neighborhood during the home show to attract additional interest and promote the event.

South Park volunteers have aggressively marketed the neighborhood before, between, and after both Rehabarama events with billboards, mass emailing, news articles, blogs, videos, holiday home tours, letters to the editor, and target marketing to populations likely to purchase homes in South Park. The local university has been mailing South Park brochures to all new hires with their contracts for employment. This effort has been very successful in attracting out of town homebuyers to South Park.

The impact of Rehabarama 2007 remains to be seen as the show just finished earlier this week. During the eighteen months preceding the show, South Park has experienced renewed interest by investors and owner-occupants in anticipation of the show. During the summer selling season of 2007, over 20 properties sold in the neighborhood at improved pricing over the preceding eighteen months. In addition, many residents with renewed faith in the future of

the neighborhood have purchased additional homes in the community for restoration. More than 200 residents volunteered in some capacity for Rehabarama 2007. The feedback from show attendees indicates that many outsiders have a positive impression of a community they were either unfamiliar with or had a negative impression of before.

Conclusion

The Rehabarama program has a significant impact on the residents of the community. Not only does it improve the housing stock, raise property values, and improve the quality of living, but it also attracts individuals to move into the neighborhood who are educated, have the resources to maintain their home and possibly take on additional properties for renovation. For example, South Park's population has changed to include the addition of approximately 25 university professors, three physicians, three architects, one attorney, numerous health care professionals, Air Force officers, and several business owners since Rehabarama 2001. The next census data should reflect a substantial increase in income and education level for the South Park Planning District. The median household income in the 2000 census was \$24,468, while the mean was \$30,138.

The variety in house size and pricing here in South Park has attracted a diverse demographic including singles, couples, families, and empty nesters. This diversity has contributed to making the community a sought after and sustainable living environment. The investment in a significant number of homes in both Rehabarama shows has galvanized the community to do more in terms of marketing, revitalization, and property improvement. We anticipate that the 2010 census will reflect an increase in owner occupancy and a decrease in vacant properties due the impact of Rehabarama and other neighborhood efforts.

The most significant benefit of Rehabarama is the education of thousands of suburban dwellers about the benefits of city living, especially the sense of community that urban living brings. By staffing the event with friendly neighborhood residents, that sense of community is conveyed. In the Midwest, there is a negative stigma associated with many cities where it is assumed that individuals only live in the city if they are poor and don't have other options. Bringing people into the city to dispel these notions is a crucial component to changing the culture and motivating people to return to the city. Allowing people to tour the upscale, attractive and affordable homes that Rehabarama has showcased, sends the message that city living is desirable and that many people live in the city by choice.

Mr. CLAY. Thank you so much, Ms. Manovich.
Ms. Neal, you may proceed.

STATEMENT OF IDOTHA BOOTSIE NEAL

Ms. NEAL. Good morning, Mr. Chair, and good morning Congressman Turner. Welcome to the city of Dayton, the birthplace of aviation, the center of innovation, and the home of the Wright brothers and Paul Laurence Dunbar. As you know, my name is Idotha Bootsie Neal, and I'm the president of Wright Dunbar, Inc., which is a nonprofit organization dedicated to the economic and community development of the historic commercial corridor within the Wright Dunbar village.

Congressman Turner, welcome home. I'd like to thank you for inviting the congressional subcommittee to hold the hearing here in Dayton, Ohio. I'd also like to thank you for all of the hard work that you're doing to help save America's cities, and which will aid in rebuilding and transforming the neighborhoods.

Let me tell you just a little bit about the Wright Dunbar neighborhood. It's the place where the Wright Brothers invented the plane and African American poet Paul Laurence Dunbar began his career. For decades, Wright Dunbar was a thriving neighborhood with middle-class families, and a strong, vibrant commercial corridor. However, as most urban cities experienced in the late 1960's, and 1970's, and 1980's, and as a result of the devastating race riot in the mid 1960's, the Wright Dunbar community suffered significant disinvestment until the 1990's.

Well as you know, under your leadership, when you were mayor of the city of Dayton, Congressman Turner, in partnership with me as an elected official on the Dayton City Commission, an important initiative was developed, as you've heard, Rehabarama and Citirama. These programs were targeted in residential areas where the housing stock was deteriorating, vacant lots were the norm, and high crime was simply a way of life. There were very few stores open, and little hope for any future commercial development.

In 1997, the city of Dayton targeted the Wright Dunbar neighborhood for redevelopment, and helped the first ever Citirama, a program which began to give way to a rehabilitated or newly constructed homes. Prior to the cities initiative, many abandoned lots and existing homes were valued at \$5,000 or less. Since Citirama initiative was launched, property values range from \$79,000 to \$225,000. Now, 10 years later, there are several housing construction projects still underway. One partner include ISUS, a charter school, partially funded by Youthbuild. They're building over 70 new, low to moderate homes in the area. The Innerwest Community Development Corp., in a joint venture, has built 70 newly constructed single-family, lease-to-purchase homes. Ecumenical Neighborhood Development Corp., another community development partner, has built 50 new federally subsidized single-family homes. And private sector developers are continuing to acquire lots in the Wright Dunbar neighborhoods, to build single family market rate homes.

The 2000 census tract for the city of Dayton would, in fact, appear to be dismal, one where we see individuals leave the city. However, the future census data will clearly represent a reverse in

the trends of families moving back into the Wright Dunbar historic urban neighborhood. At present, the surrounding neighborhoods are attracting a diverse mix of families, young professionals and retirees. These families will need services and amenities to enhance their quality of life. As stated earlier, the primary mission of Wright Dunbar, Inc. is the redevelopment of West Third Street commercial corridor within the historic district.

Strong American neighborhoods are the key to rebuilding strong urban core cities. The probability of attracting businesses to this area would be significantly lower if the Citirama housing initiatives had not been implemented in 1997. Wright Dunbar, Inc. is working diligently to attract businesses that will bring the necessary goods and services, along with employment opportunities for neighborhood residents, which were critical components for stabilizing or transforming a neighborhood. These opportunities will positively stimulate not only the local economy, but the national economy as well.

Without the infusion of financial resources targeted to the areas where poverty exists, unemployment is a way of life, health challenges are at a crisis, and housing and infrastructure is deteriorating. The future of America's core cities is dismal.

Census data clearly identifies the areas where the needs are the greatest. Congressman Turner, as you know, our decision to fund Rehabarama and Citirama's throughout Dayton was based on this data.

Since 1997, the Innerwest urban neighborhood of historic Wright Dunbar received \$107 million of public and private sector resources. Those resources were leveraged as a result of the initial investments made by the Federal and local governments. The city of Dayton's Rehabarama and Citirama initiatives were the catalyst that ignited community development. And those initiatives in turn have ignited the momentum of commercial redevelopment, and the potential for private sector investment.

It is critically important that accurate census tract information be collected, and Federal funds, and special tax initiatives, and programs and products be targeted to those neighborhoods that have the greatest need. Thank you, Congressman Turner. Thank you, Mr. Chair, for coming to Dayton, and hearing what we have to say about the redevelopment in our community, and how census tract information is very important.

[The prepared statement of Ms. Neal follows:]

**Statement of Idotha Bootsie Neal
President, Wright Dunbar Inc.**

“Census Data and Its Use in the Development Process”

**U.S. House Committee on Oversight and Government Reform
Subcommittee on Information Policy, Census and National Archives**

**October 29, 2007
John W Berry, Sr.
Wright Brothers Aviation Center
1000 Carillon Blvd.
Dayton, Ohio
10:45 A.M.**

Good morning, Mr. Chair and members of the House Government Reform subcommittee on Information Policy, Census and National Archives. Welcome to the City of Dayton, the birthplace of aviation, the center of innovation and the home of the Wright brothers and Paul Laurence Dunbar. My name is Idotha Bootsie Neal, President of Wright Dunbar, Inc. Wright Dunbar, Inc. is a private non-profit organization dedicated to the economic and community development of the historic commercial corridor of the Wright-Dunbar Village.

Congressman Turner, welcome home! I would like to thank you for inviting the congressional sub-committee to hold this hearing in Dayton, Ohio. I would also like to thank you for the hard work that you are doing to help save America's cities, which will aid in rebuilding and transforming neighborhoods.

The Wright-Dunbar neighborhood is where the Wright Brothers invented the plane and African American poet Paul Laurence Dunbar began his career.

For decades, Wright Dunbar was a thriving neighborhood with middle class families, and a strong, vibrant commercial corridor. During the devastating race riots in the mid-1960's, the Wright Dunbar community suffered significant disinvestment until the 1990's.

Under your leadership as Mayor of the City of Dayton, Congressman Turner, in partnership with me as an elected official on the Dayton City Commission, an important initiative was developed and called *Rehabarama* or *Citirama*. These programs were targeted in residential areas where housing stock was deteriorating, vacant lots were the norm, and high crime was simply a way of life. There were very few stores opened and little hope for any future commercial development.

In 1997, the City of Dayton targeted the Wright-Dunbar neighborhood for redevelopment and held the first ever "*Citirama*", a program which began to give way to rehabilitated or newly constructed homes. Prior to this City initiative, many empty abandoned lots and existing homes were valued at \$5000 or less. Since the *Citirama* initiative was launched, property values range from \$79,000 to \$225, 000.

Now, 10 years later, there are several housing construction projects still underway. Our partners include: ISUS, a charter school partially funded by Youthbuild, is building 70 new low to moderate homes in the area. The Innerwest Community Development Corporation is a joint venture that has built 70 newly constructed single family lease to purchase homes. Ecumenical Neighborhood Development Corporation, another community development partner, has built 50 new federally subsidized single family homes. And private sector developers are continuing to acquire lots in Wright-Dunbar to build single family market rate homes.

The 2000 census tract for the City of Dayton has already been discussed; however the future census data will clearly represent a reverse in the trend of families moving out of Wright-Dunbar to a shift in families returning to this historic urban neighborhood. At present the surrounding neighborhoods are attracting a diverse mix of families, young professionals and retirees. These families will need services and amenities to enhance their quality of life.

As stated earlier, the primary mission of Wright-Dunbar, Inc. is the redevelopment of the West Third Street commercial corridor within the historic district. Strong American neighborhoods are the key to rebuilding strong urban core cities. The probability of attracting businesses to this area would be significantly lower if the *Citirama* housing initiatives had not been implemented in 1997. Wright Dunbar, Inc. is working diligently to attract businesses that will bring necessary goods and services, along with employment opportunities for neighborhood residents which are critical components for stabilizing or transforming a neighborhood. These opportunities will positively stimulate not only the local economy, but the national economy as well.

Without the infusion of financial resources targeted to the areas where poverty exists, unemployment is a way of life, health challenges are a crisis, and housing and infrastructure is deteriorating, the future of America's core cities is dismal!

Census data clearly identifies the areas where the needs are the greatest. Congressman Turner, as you know, our decision to fund *Rehabarama* and *Citirama's* throughout Dayton was based on this data.

Since 1997, the innerwest urban neighborhood of historic Wright-Dunbar received \$107 million of public and private sector resources. These resources were leveraged as a result of the initial investments made by the federal and local governments. The City of Dayton's *Rehabarama* and *Citirama* initiatives were the catalyst that ignited community development and those initiatives in turn, have ignited the momentum for commercial redevelopment and the potential for private sector investment.

Thank you Mr. Chair, members of the Committee, and a special thank you to Congressman Turner for allowing me to share this testimony with you today.

Mr. CLAY. Thank you very much, Ms. Neal. I'm—it's just too bad I couldn't get to the Wright Dunbar neighborhood, also.

Ms. NEAL. Let me please extend a personal invitation to come back.

Mr. TURNER. Actually, we're not far. When we're on our way to the airport, we might go there.

Mr. CLAY. Thank you. Thank you. We will now enter into the question period. Congressman Turner can start us off.

Mr. TURNER. I've got basically three questions. One that goes to the issue of the availability of census information, and capturing what you're accomplishing. The second will be about the issue of the public policy of Rehabarama, that we're investing in market rate housing, as opposed to the Federal programs that tend to target poverty. And the third will be, in ways that we might be able to greater encourage these types of programs like what Theresa's doing, where she has a separate entity owned privately.

Bootsie, I want to start with you on a question of, you know, the Wright Dunbar neighborhood. Although there were some structures that were there, largely was an area where there were vacant lots, and vacant buildings. The investment that has happened with Rehabarama, and Citirama, and then with the Youthbuild project with ISUS, has a neighborhood not only of changing demographics of the resources that are there, but also really, a whole new community that is populating the area where there had not been a concentration of population.

You're marketing the Wright Dunbar strip for commercial development. And it must be difficult, as you go to commercial partners, trying to encourage them to come into an area, that you can see when you drive through, and when you walk the streets and see that the new families that there—the new homeowners, but that you don't have a piece of paper you can put in front of them, and show them the change. How does that work?

Ms. NEAL. It's a challenge. It's a challenge. However, we're going to continue, in terms of our marketing, in terms of cultivation. We are fortunate to have National Park as one of our anchors, so we're able to attract a number of visitors to come to the community, so that partnership has been critically important. We have been very fortunate, with the residents that have come back to the area. Two things have occurred with Wright Dunbar. No. 1, everyone was not dislocated. Individuals who have been able to stand through the drugs, the prostitution, the disinvestment have been able to maintain their homes. But also because of Rehabarama, Citirama has brought a very diverse mix of individuals to the community, so it's doing exactly what we would hope that it needs. It's been a struggle without support from the Federal Government. We've been the recipients of the EDI grant, VA HUD grant, bringing those sources to the commercial development in order to stabilize buildings without those kinds of dollars, it would not have happened. We now have all of our properties structurally stabilized. Roofs are on the property. But what we need, is assistance or continued assistance to get those buildings from a shell to a white box. I then believe, that with that gap being filled, that businesses will come to the area because of the quality of the housing, because of the diversity

of the community that's been attracted to the area, and simply because it's a good economic move, because we're close to downtown.

We have great accessibility because of 70 and 75, that the commercial development will follow. As you're beginning to see along the Brown Street commercial corridor, near the South Park and UD area, which was a part of the Genesis project, where there were two Rehabaramas. So we're very confident, that with continued partnerships, that we'll be able to have the commercial development.

Mr. TURNER. That goes to my next question. You talked about the people in the community, were able to stay in the community. There were a number of Federal programs and State programs, local dollars that were stacked, so this wasn't just market-rate housing that was undertaken. But I'd like Karin and Bootsie to talk about the issue of the public policy of market-rate housing. People sometimes criticize, when the project has begun, that there is a subsidy that is going to market-rate housing. There aren't Federal dollars that you can go and get. Most of those dollars are tied to low and moderate income housing. But when you do a market-rate housing project, the criticism tends to abate after the project is done, because people see what you have reclaimed, the historic nature of the community. You have the structures that are now there, have improved the quality of the neighborhood. But also, people see that it's not economic segregation, it's actually ending economic segregation. You're making a more diverse community. The people who are there, stay in the community, and participate in the benefits of the transformation. But also, our demographics of our communities are diverse. And we not only do the market rate project of Rehabarama, but also then low income projects, Youthbuild projects, low income tax code projects, all within the same area. So the neighborhood remains diverse. Bootsie, could you talk about that for a moment? And Karin, I'd also like you to comment about your neighborhood.

Ms. NEAL. I think it's a great tool, the fact that we were able at a local level, be able to put together a development fund, to help with the initial investment. Individuals actually criticized us in a real way, in terms of investing in the first four houses in Wright Dunbar. And it took substantial subsidy, in order to make that happen. But of course, that initial investment has now spurred millions of dollars above both public and private sector dollars. I don't believe that if we had not made that investment, that this area would experience the kind of redevelopment that is currently undergoing. Had we not made that investment initially, you would have seen individuals continuing to live in poor housing, and in an area that was just riddled with a number of social challenges. I think that because of your leadership, because of the partnerships created with the HPA, and other organizations that we've been able to now change the neighborhood, keep people there, attract new individuals, impact significantly the income tax revenue for the local government. And even more importantly, create a place where people feel safe, and they can raise their family and their children, and have the benefits of what I think is great in urban cities, and that's such diversity in close proximity to a lot of places.

Mr. TURNER. Karin, you have been in South Park a long time. And I know you know, as one of the benefits of the community, is the diverse population that is there. Can you talk about how Rehabarama fits within the economic diversity of the community, and what you see as the benefits of defeating economic segregation?

Ms. MANOVICH. We're fortunate in South Park, to automatically have economic diversity, and have had it most of our history, due to our housing stock. The founder of National Cash Register Corp. platted our neighborhood originally. He wanted his factory workers to live among his executives. So we have four of our 5,000 square foot mansions interspersed with three room cottages, similar to the one you saw today that was basically three or four rooms. So our neighborhood has been economically diverse since its inception.

Now, Rehabarama, the first Rehabarama, as I mentioned, had a housing less than 800 square feet. And we had several small cottages in this one, that maintains our economic diversity. Our asking prices range originally for the first Rehabarama, the lowest one was close to 100,000. And the highest one this time, was 250,000. So there's a wide range of affordability in the houses. You're not just going to get really wealthy people. You're going to get a variety of homeowners.

The other interesting thing about our neighborhood that makes it attractive and diverse, is the fact that many of the houses were originally built as multi units. Now, we've converted many of them back to larger single-family homes, but we will always have a significant rental population in South Park due to the—due to the architecture. A lot of the cottages are too small to be ever owner occupied. And so the neighborhood has worked to make sure that the rental property is kept at a level that is conducive to good living environments. So many of us—I, in fact, have rehabbed about 13 rental units in South Park myself, that I maintain, that I can make sure that people have good, affordable housing, and that I can keep the economic diversity alive in our neighborhood. And many of the residents have done the same thing. There's probably at least 25 residents who are landlords, not because that's their business choice or their calling, but in order to provide good, safe, affordable housing for a variety of economic levels in the neighborhood.

Mr. TURNER. Dan, you have institutional partners in your neighborhood. You were talking about—talk a moment about their interest, what brings them to the table?

Mr. BARTON. There's a couple of things that brought them to the table. One, is within an established neighborhood, very often there's infrastructure that has landlocked the parcels. And the expansion can either take a cooperative or a confrontational path. We wanted to make sure that we facilitated Grandview and the other institution, having a path that was—where we would all work together.

At the same time, they have resources that we don't. What we've tried to do is, take advantage of their resources that they could leverage for acquiring blight and removing it. And in either swapping or allowing that land to go into new development, either for their campus, or for new housing to be created. They also understand, that they can't thrive—they can't encourage patients to come

to their hospital, doctors to operate in their hospital if the perception is, that this is a terrible and unsafe neighborhood.

So shoring up the neighborhood around the institution helps the institution. And the institutions have resources that will help us achieve our goals, in terms of removing blight, and facilitating new construction. We're also looking at Grandview very heavily, because they are a training hospital. We want to encourage those people who train there, and then become a part of the community for their permanent career, to invest in buying into the neighborhood, again, putting economic strength back into the mix of the population.

Mr. TURNER. David, your experience has run the gamut, from being the head of the Homeowners Association and bringing their resources into the inner city, which was unusual, to now being vice president of the faith based St. Mary's Neighborhood Development Corp. that does senior low-income housing, tax credits, and housing rehabilitation. When you look at the urban area, one of the impediments that we have to economic revitalization, neighborhood revitalization is our aging housing stock. You have seen that, as you have gone for rehabilitation, and then in ways that you've brought in new construction. Can you tell us some of the demographics of the neighborhoods you see, not of the populations, but of the structures themselves, the infrastructure that impacts the ability to be successful for housing development?

Mr. BOHARDT. Well, Dayton is—Congressman Turner, Mr. Chairman, Dayton is and it's neighborhoods are severely challenged because of the age—first of all, because of the age of our inventory, second because of the obsolescence of the inventory. Almost everyone knows that Dayton has very old housing stock, but not as many realize that as Theresa does now, that all that housing stock is anything less than obsolescence, simply because there's only one bathroom in the house, or there aren't enough bedrooms in the house, or there just isn't enough volume in size to the property to make rehabilitation cost effective.

Third, I think, this relates to the purpose of this hearing, is that the census data are not neighborhood friendly, in the sense that the gentleman from the Ohio Department of Development had mentioned the lag time factor with the census. It only takes between 12 and 18 months for a neighborhood block base to totally implode. We've seen that in Dayton, in the last 5 to 10 years, and especially in the last three to four, going primarily to the impacts of predatory lending. And so it would be useful, within the quiver of economic redevelopment tools that we had, I think, if census data could be ratcheted down, and be able to focus and telescope on specific neighborhoods.

I'll just make one more point, and I'll be quiet. The average median income, which is the barometer that we use in many facts to determine housing economic development policies in the Dayton Metropolitan statistical areas, \$59,890, or higher than the Los Angeles, California AMI. But if you look just at the city of Dayton, for example, that income would barely be above \$25,000 per house sold. So if we had—as I said, if we had more highly refined data and Federal policies that essentially enabled us to use that data, to get access on a higher priority basis, no offense to Congressman

Turner's constituency in Warren County, they don't have the neighborhoods that the city of Dayton has. They don't have the needs that the city of Dayton neighborhoods have. So if we had Federal policy based on census data, Federal funding policy that actually enabled us to do finer precision targeting for economic development than cities like Dayton, cities throughout Ohio and the country. I think would be better served, and we would have a better chance of revitalizing a lot of those neighborhoods.

Mr. TURNER. Mr. Chairman.

Mr. CLAY. Thank you. Thank you so much. I have a panel wide question, and Ms. Manovich touched on it somewhat, you know. And I'm very impressed with the rehab and the Rehabarama, sounds something like Obama, but—

Mr. TURNER. This came first.

Mr. CLAY. But I'm really curious as to how much displacement occurred in these communities. And we can start with Mr. Barton. You touched on multi-family housing, and how you maintain that in those communities that are going through this transition. Do you actually get the people to remain in that community, or do they have to leave? Because see, if they leave, then it would probably be difficult to get them back? And then, we are almost running in place, when it comes to the census, because you're not adding new people, if people are leaving while some are coming. Is there—does Dayton, or does the rehab community have much of a policy when it comes to multi-family housing and actually, the diversity of those who are moving back to the city? I'll start with you, Mr. Barton. You start, and everybody think about a response. Go ahead.

Mr. BARTON. Within our initiative called the Renaissance Alliance, we're not displacing anyone. We're taking, you know, occupied buildings, unoccupied land, and building new, so that the remaining structures are supported, and the accumulative population is coming up. Our population in the Grafton Hill area was the highest density in the county, but it has declined from its highest density in the early 1970's, to a level now—where we're probably at about 65 percent of the population we had at that peak. That unoccupied portion is what we're looking to redevelop, so that we can attract people back to something that the market wants now, that isn't there, and that diversity strengthens.

And one of the things that we're doing, because we're sensitive about that very issue, is we're working on mechanisms, so that the market rate structures that are being built, are giving us an income stream that will assist us with more blight removal and renovation. And in some of that blight removal, such as Grand Place in our neighborhood—at Grand and Salem, our targeted for low mods, but we end up with a better accumulative quality of life for everyone within the neighborhood.

Mr. TURNER. Great.

Mr. CLAY. Thank you.

Mr. BOHARDT. Mr. Chairman, Congressman Turner, in 1970, the city had housing inventory of 270,000 people. The city population now is plus or minus 152,000 or 153,000 people. About 15 percent of all of the house units in the city of Dayton are being boarded up, or vacant. And it manipulates very much to Dan's issue. Our

issue is not with dislocating households. Our issue is with stabilizing neighborhoods, getting sufficient level of investment, so that we can both maintain the residents that we have in our neighborhood, and attract more people to urban neighborhoods. So I agree totally with Dan.

Mr. CLAY. And you know, Mr. Bohardt, that is the challenge of quite a few older urban communities, is how we get people back to the urban core. Because I represent St. Louis, Missouri. And over the last 50 years, we've lost over half a million people in the city itself. And so now that's our challenge in St. Louis and older urban cities, how we build it, and make it attractive to bring people back.

Mr. BOHARDT. I would add, too, Mr. Chairman probably constituents with your experience, as we do that, I would hope that Federal policy would not encourage the reconcentration of large portions of our population, in appropriately large big box housing communities. And that much of the issue that I mentioned, and Dan mentioned earlier, would be solved if we found a rational way to disperse in an even handed way, housing that was served the needs of all of our citizens, irrespective of how much they earned.

Mr. CLAY. Thank you for that response. Ms. Brandt, anything to add?

Ms. BRANDT. I think that we are a little different. Because back in the really dire time of any neighborhood, probably 40 percent of our neighborhood was abandoned houses. And now we are probably less than 10 percent, that are abandoned houses. However, the houses that are there have been converted back to single-family homes. So we've actually probably actually raised our population in the area from that. But we are also unique because we are the highest minority level of all of the historic districts.

Mr. CLAY. Ms. Gasper.

Ms. GASPER. Reiterating what you heard already, we are targeting vacant houses. We rarely go after owner occupied. And only in a couple instances have renters been moved out of a property, and they stayed within the neighborhood. If you are familiar with the concept of broken windows, the more eyes you have on the street, the less crime you have. I think those that will be displaced are the ones that don't want to be watched. And they'll pick up—bad guys will leave if you watch them enough. I feel too, the existing neighbors feel like they can now safely reinvest more in their homes, and realize that they stand a better chance of getting that investment back out, should they decide to sell down the road. I think too, what's working in favor of cities right now, people really want to know their neighbors. And I think they're getting really tired of the cookie cutter nature of the suburbs, and realize that if you had gone to the fifth beige and brick house on the right, you have gone too far. You need to go to the fourth one, that factors into it. And also, I just was—as a side story, I read on a recent blog post regarding Rehabarama, somebody said that they're from the suburbs, and Rehabarama introduced them to the city of Dayton they'd never seen before, and they'd totally rethink their opinion of the city of Dayton as a result.

Mr. CLAY. How about, have you noticed—I've heard you mention—several witnesses mention property values have increased. With that increase of property values, has there been an overall re-

duction in the insurance rates for home insurance, as well as auto insurance? You know, all of those things impact disadvantaged neighborhoods in a negative way. With the new—new neighbors moving in, has that helped in that area?

Ms. MANOVICH. It hasn't changed yet. We haven't seen it change.

Mr. CLAY. You're still pretty high?

Mr. TURNER. We're pretty inexpensive here in Dayton anyway. I don't know that they could get much lower.

Mr. CLAY. OK. He's bragging. He's bragging now. Go ahead, Ms. Manovich.

Ms. MANOVICH. I'm going to echo what everybody else said. We're not really displacing people. We're filling vacant homes. In South Park, we've aggressively tried to increase our population by going after the people that we think would be most likely to settle in the neighborhood. We border on a major university. And we could get initiative with them, where we're mailing South Park literature directly to out-of-town employees with their contract for hire, so that they have in their hands all of the information on South Park, and why to live there. We've managed to attract a number of professors into the area. We've already gone with Miami Valley Hospital and approached them about doing a summer program with their walking distance from the neighborhood, also, to work on getting their interns, both as renters and as an owner occupants in the neighborhood. So we're going out aggressively target marketing people most likely to live in the neighborhood, and the selling the neighborhood on that. With the university, we actually bring the people in private homes on their relocation weekends, and introduce them to other professors in the neighborhood, and really sell city living in the neighborhood very aggressively. We feel in the next census, that our population will grow because of bringing the new people in.

Mr. CLAY. And you mentioned with the original plat and of the neighborhoods, that will maintain the economic and probably racial diversity of this community?

Ms. MANOVICH. It's very affordable. We always say we have something for everyone, in terms of housing.

Mr. CLAY. Ms. Neal.

Ms. NEAL. We clearly did not displace anyone, because there was no one there, except some diehards who had strong kinship to the community. But we had a lot of vacant lots, and that was what is unique about Citirama. It was actually new Infill construction. So bringing the individuals back to the community has been a challenge. And also the fact that because of the leadership at that time, we made a conscious decision not to displace even those who were there. Because as you said, once they leave, it's hard to get them back. And I ditto what all of the other witnesses have said. But I would truly say one of the greatest challenges in terms of redeveloping and transforming an inner city core neighborhood, is to bring the goods and services that people need. We're, in fact, going to be losing within west Dayton, Kroger's, one of our grocery stores. We will not have, unless you have reliable transportation after 8, you will have to drive almost 10 miles, in fact, to get an aspirin. So commercial development in those kind of products and tax programs that will encourage private sector to not only come to the

neighborhood, make key investment, but be obligated to stay for a significant period of time. Once, in fact, they receive those benefits, so that the families within those communities can have goods and services. So it's not just rehabbing. The homes are critically important, but the commercial development that will bring those goods and services as well as the employment opportunities for the residents of those communities as well.

Mr. CLAY. Thank you so much. Mr. Turner, anything else?

Mr. TURNER. One closing question. Theresa, when you look at census data, it's to take a snapshot of what is. So many people, when they look at that data, have an inability to see what could be. And you had the benefit with South Park, and you had a family familiarity with it, and an affinity, where you could look at what could be. Your investment in Rehabarama, you're continuing to show others what could be in Dayton neighborhoods, to bring people in. What are some of the things that you would say to people who are considering trying to have that forward vision of what could be about urban areas and urban neighborhoods?

Ms. GASPER. You have to be thick skinned, bring plenty of Dramamine for the roller coaster ride. I feel very turfy toward the neighborhood. I may not live there right now, but it's always been mine. I worry about what type of investors will come into the neighborhood now. Will they just be trying to get rich quick, or will they have an honest commitment to it? I look at this as a way of protecting the investment people that care, and others have made. They have put a lot into their home, and it is their single largest investment. And I think that investment needs to be protected. So encouraging others to do so, it's going to be a hard sale, because these houses are so badly abused. And they require so much, and to try to take a Victorian home that has lots of small rooms, when people want an open floor plan today is difficult. So we have to be creative. We do have several projects underway. We're taking two very small cottages, and making one-medium sized family home. We're taking doubles, and converting them into singles. So I think you have to be creative, but you also have to have guts to do it.

Mr. TURNER. Theresa, I want to thank you for what you're doing, because you have picked up on the energy that's in the neighborhood, the past of what people have done for investment. And you have taken it to a new level, and encouraged everyone. I appreciate what you're doing. And Mr. Chairman, I want to thank you also, for giving us the opportunity to highlight what these individuals are doing.

I told you when we were on our way to this spot for this hearing, that a lot of blood, sweat, and tears of these people have changed these neighbors. And I appreciate you giving us this opportunity to highlight what they're doing, which I do think those have a significance, too. Thank you.

Mr. CLAY. I certainly do. I want to thank Congressman Turner for being a host to the subcommittee, and for showing us around today. Let me thank all of the witnesses on this panel, for your expertise in this area. And say that I am—I am truly impressed about what I have seen today, the efforts of the people in the Dayton community to actually make a difference, and to attract people back into the inner core of the city, and as Ms. Gasper said, in cre-

ative ways. And I thank you for that. And this is of national significance, because this story needs to be told around the country, of how we get people back into the inner core. Let me thank you all for today, for participating in today's hearing, and that concludes this hearing. Hearing is adjourned. Thank you.

Mr. TURNER. Thank you.

[Whereupon, at 12:56 p.m., the subcommittee was adjourned.]

[Additional information submitted for the hearing record follows:]



PREPARED STATEMENT OF
CHARLES LOUIS KINCANNON
DIRECTOR
US CENSUS BUREAU

"Census Data and Its Use in the Development Process"

Before the House Subcommittee on Information Policy, Census and National Archives
U.S. House of Representatives

29 October 2007

I want to thank Chairman Clay, Ranking Member Turner, and the Subcommittee on Information Policy, Census, and National Archives for the opportunity to discuss the wealth of information the Census Bureau has available for use in community planning. The Census Bureau provides comprehensive and in-depth statistics for cities, counties, and communities throughout the United States. In this statement, I will discuss the range of demographic and economic information available from the Decennial Census, the Economic Census, and highlight some of the other surveys we conduct that could be used in research and policy development.

The Decennial and Economic Censuses

The *Decennial Census* and the *American Community Survey (ACS)* provide the foundation for the nation's population statistics. The decennial census collects the population of the United States every 10 years. The American Community Survey complements the decennial Census and provides detailed information annually about the socio-demographic characteristics of the population.

The decennial census is the only consistent, comprehensive, detailed source of information for small geographies throughout the United States. It includes every neighborhood, every street, and every household. It is, therefore, a crucial element in community planning. The decennial census provides population totals and key demographic information, such as race, Hispanic origin, and age, not only for every city in the United States, but also for every census tract and census block. Census tracts are the building blocks in creating data for neighborhoods, community districts, wards, and precincts, as well as land use and other planning areas. Small area data are important for social services planning, because they enable planners and political leaders to establish services in the locations where they are needed.

While the decennial census data show population size and diversity, the American Community Survey provides important details such as educational attainment, income levels, and other population characteristics that can be used to develop a demographic profile of an area.

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Data from the decennial census and the ACS are used to detect potential opportunities for social and economic development. These data are a rich, consistent source of information that may be used with many other sources of information, including the Economic Census. The Economic Census shows the number of businesses, employment, and sales for businesses at the state, county, city, and often ZIP-code level.

The Economic Census is conducted every five years, for years ending in '2 and '7. We currently are preparing for the 2007 Economic Census. The Economic Census catalogues the nation's economy by collecting business information, including the number of employees, payroll, receipts, and product line revenues. The Economic Census is a detailed profile of the U.S. economy — from the national level to the local level, and from one industry to another industry. The Economic Census provides information on over 27 million businesses and 84 percent of the nation's economic activity. These data are used in making economic and financial decisions in the private sector, as well as the federal, state, and local levels.

By using data from both the Economic Census and the Decennial Census, an entrepreneur, business owner, or local government can develop a profile with rich detail to encourage investors. The Economic Census provides number of employees and annual sales by industry. Data from the Decennial Census can be used to create a profile of potential customers or workers. For someone in Dayton looking to open a new grocery store or restaurant, the decennial census and the ACS would be helpful in determining the potential customer base by looking at data such as household income, and the number of housing units in the neighborhood of interest. The Economic Census could be used to determine the number of stores or restaurants already in the area to help determine the need for a specific type of business.

Census Bureau Surveys

In addition to the Decennial and Economic Censuses, the Census Bureau also collects other data, providing information about a range of topics, from public finances to housing conditions. Data from these censuses and surveys inform policy decisions not only at the federal level, but also state and local levels. For instance, the *Census of Governments*, which coincides with the Economic Census (and is, therefore, also collected in years ending in '2 and '7), provides information describing all 87,000 units of government in the United States, including states, counties, municipalities, townships, and other special use governmental units, such as school districts and land use districts. State and local governments account for 12% of Dayton's economic activity.

The Census of Governments provides data on government organizations, finances, and employment. Organization data include location, type, and characteristics of local governments and officials. Finances and employment data include revenue, expenditure, debt, assets, employees, payroll, and benefits. Local governments, including community planners, use these data to develop programs and budgets; assess financial conditions; and perform comparative analyses, which are often important indices of progress and potential needs. In addition, analysts, economists, and market specialists, including the Federal Reserve Board and the Bureau of Economic Analysis, use data from the Census of Governments to measure the changing characteristics of the government sector of the economy.

Another program that can be useful in analyzing revenues coming into an area is the Consolidated Federal Funds (CFFR) report. The CFFR provides information about Federal expenditures or obligations for categories such as grants, salaries and wages, procurement contracts, direct payments for individuals, loans, and insurance. These data are available annually at the county level.

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A third program that can be useful in community planning efforts is County Business Patterns (CBP). CBP is an annual series that provides subnational economic data by North American Industry Classification code, which means you can examine the types of businesses are in a given area, such as restaurants, manufacturers, hospitals or financial institutions. The series is useful for studying the economic activity of small areas; analyzing economic changes over time; and as a benchmark for statistical series, surveys, and databases between economic censuses. Businesses use the data for analyzing market potential, measuring the effectiveness of sales and advertising programs, setting sales quotas, and developing budgets. Government agencies use the data for administration and planning.

Self-employed individuals, 20 million strong, are a very important segment of our economy that we refer to as nonemployers – you know them as mom and pop shops. We have a nonemployer statistics program that summarizes the number of businesses and sales or receipts of businesses without paid employees that are subject to federal income tax. Most nonemployers are self-employed individuals operating very small-unincorporated businesses that may or may not be the owner's principal source of income. This is an annual series that is available for states, counties, and metropolitan areas.

The Census Bureau is aware that the states and local communities are facing changing environments and have an ever-increasing need to measure these changes. The Census Bureau is also always looking toward the future for the "next generation" of data collection and dissemination.

Longitudinal Employer-Household Dynamics Program

The *Longitudinal Employer-Household Dynamics* program, or LEHD, is one such program. LEHD can help cities and communities as they confront 21st century economic and social needs, and the need to adapt quickly to a dynamic and ever-changing environment. LEHD is based on a partnership between state Labor Market Information agencies and the federal government. Currently, 45 states and the District of Columbia have entered into partnerships with the Census Bureau. Ohio, at this time, is not one of the 46 partners. However, we are pleased to announce that they have submitted a memorandum of understanding and we are eager to begin working with them to make their data available soon. The Census Bureau is not only working with the states, but also federal agencies, most notably the U.S. Department of Labor's Employment and Training Administration (ETA) and the Bureau of Labor Statistics. Without such cooperation we would not be able to report on our successes to date.

The LEHD program for the first time connects the dots from household to employment information and provides details for a much finer picture of America's communities and local economies. LEHD creatively integrates information from existing censuses and surveys with state-supplied administrative records, while strictly protecting the confidentiality of the original respondents. The resulting data can be used as to assist workforce and economic development, emergency preparedness and response, and transportation planning. Most recently, we have been using it to assist communities in assessing the impacts of the Base Realignment and Closure.

The states supply administrative records, their quarterly unemployment insurance (UI) wage records and business establishment records. The Census Bureau merges these records with demographic data to produce key labor market measures such as employment, hiring, separations, job gains and losses, turnover, and earnings over time, by industry, age, gender, and county. These *Quarterly Workforce Indicators* measure the dynamics and performance of the local economy. The *Quarterly Workforce Indicators* can tell us where jobs are, for what kind of workers, how much workers can expect to earn and what employers expect to pay them.

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LEHD is designed to develop new information about local labor market conditions at low cost, with no added respondent burden. The core data – universal state UI wage records and business data, covering approximately 97 percent of non-farm private sector employment – are provided without direct cost to the Census Bureau.

In addition to the Quarterly Workforce Indicators and other local labor market information, the Census Bureau has developed an interactive, online mapping and reporting application called OnTheMap. This is a reimbursable project currently funded by ETA is available for 42 states with three years of data (2002-2004). The mapping tool shows the geographic distribution of workers and employers in a particular area, including cities, towns, counties, zip codes, congressional districts, military bases, ETA's WIRED regions, or one selected freehand by the user. It shows where workers live, workplace destinations, transit corridors, and how different industries are represented within a particular location. The mapping tool can help show whether access to transit affects where workers live and work and how different employment areas compare in terms of the industries represented. Each map is accompanied by a profile report that provides the supporting data to augment the information provided on the map. We recently added functionality to this product that allows us to examine cross-state workflows.

These maps are a powerful planning asset that literally can show the relationship between jobs and workers; the need for better transportation routes; and many other facets of a rapidly changing economy. The mapping tool, along with the Quarterly Workforce Indicators and other local workforce information from LEHD, supports a range of policy and decision-making needs as no other data product has. Workforce Investment Boards, local planners, federal agencies, and other analysts are using LEHD data to determine how local economies are being redirected and reinvented, and how the local workforce is responding to these changes.

In addition to the programs mentioned thus far, we have been working with the Employment and Training Administration and the Economic Development Administration to provide more innovative uses of our data. We have developed the Community Economic Development HotReport. These reports provide a snap shot of indicators from multiple sources to assess economic development including population, employment, income and education data for all counties.

As I discuss the uses and users of our data, I would be remiss if I didn't mention some of our partnership organizations that help us educate users and distribute our data, such as our State Data Centers.

The State Data Center (SDC) Program is one of the Census Bureau's longest and most successful partnerships. It is a cooperative program between the states and the Census Bureau that was created in 1978 to make data available locally to the public through a network of state agencies, universities, libraries, and regional and local governments. The Business and Industry Data Center Program (BIDC) was added in 1988 to meet the needs of local business communities for economic data.

The mission of the State Data Center program is to provide efficient access to U.S. Census Bureau data and data products, provide training and technical assistance to data users, and provide a mechanism for feedback to the Census Bureau on data usability, state and local government data needs, and operational issues. Here in Ohio, we have the good fortune to work with the Office of Strategic Research in the Ohio Department of Development as the lead SDC. We are grateful for the work that they do.

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I have only touched the surface of the data we have available and the myriad of ways our data can be used. We cannot begin to list all of the public and private organizations that use our data in some way, whether it is to define a "small business," or determine a community's eligibility for a grant program, because we simply don't know. We recognize the vital importance of accurate data to all who use our data and we make that our highest priority.

Thank you for this opportunity to discuss the Census Bureau's programs.

WRITTEN STATEMENT FOR THE RECORD ONLY

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Office of Community Planning and Development
U.S. Department of Housing and Urban Development
Information Policy, Census, and National Archives Subcommittee
Oversight and Government Reform Committee
“Census Data and Its Use in the Development Process”
Field Hearing – Dayton, Ohio
Monday, October 29, 2007

Chairman Clay, Ranking Member Turner, thank you for inviting the Department of Housing and Urban Development (HUD) to provide testimony for the hearing titled “Census Data and Its Use in the Development Process.”

The Department’s Office of Community Planning and Development (CPD) is responsible for administration of the Community Development Block Grant (CDBG) program. The CDBG program is authorized by the Housing and Community Development Act of 1974 (the Act) and is the federal government’s primary vehicle for assisting local governments in financing a wide range of community development activities aimed at improving conditions in the nation’s communities. Since its inception, over \$120 billion have been appropriated for the CDBG program, which are distributed annually through a statutory formula to more than 1,180 general units of local government and states. These funds are used locally for infrastructure, housing rehabilitation, public services, economic development, and historic preservation activities, mainly to benefit low and moderate-income persons.

Statistical and demographic data collected, processed and provided by our colleagues at the Bureau of the Census is critical to HUD’s administration of the CDBG program. The most important application of Census data is in the allocation of CDBG funds to local governments and states through statutorily defined formulas. Pursuant to section 106 of the Act, 70 percent of the annual CDBG formula appropriation is allocated for direct grants to local jurisdictions (known as entitlement communities) and states receive the remaining 30 percent for further distribution to non-entitled jurisdictions.

Section 106 also defines the formulas that HUD is to use in determining the amounts to be allocated to individual entitlement communities and states. There are a total of four formulas – an A and B formula for entitlements and an A and B formula for states. Grantees receive the benefit of the respective A or B formula that yields the largest grant amount. Let me focus on the entitlement formulas for purposes of this discussion.

The Entitlement A formula has three factors: population, poverty and housing overcrowding. The Entitlement B formula also has three factors: growth lag, poverty, and pre-1940 housing.

All of these factors are identified in section 106 of the Act and defined in section 102 of the Act. Definitions for most of these terms make reference to use of data "compiled by the United States Bureau of the Census and referable to the same point or period in time." As a result, HUD could not distribute CDBG funds without Census-provided data.

The Census Bureau data is also used by HUD and CDBG grantees in a number of other ways. The primary objective of the CDBG program is to provide benefit to low- and moderate income persons. Census data, down to the block group level, is invaluable for demonstrating that certain activities benefit communities that are predominately low- and moderate income. HUD provides these data on its web site and our Integrated Disbursement and Information System (IDIS) incorporates it to help grantees demonstrate that activities meet the low- and moderate-income national objective. Grantees use it as the basis for many of the planning requirements associated with CDBG and other formula grant programs administered by CPD that come under our consolidated planning process. Entitlement grantees use the data to make informed decisions regarding the distribution of funds within the community.

In the State CDBG program, each state is responsible for establishing its own funding priorities and procedures; states may use census data in developing their method of distributing funds to local governments. Census data is used by some states to establish overall funding priorities (such as identifying types of activities or regions of the state to prioritize for funding), and/or to select individual activities and communities for funding (such as giving funding priority to applicants demonstrating greatest need in certain demographic statistics). These few instances highlight how Census data permeates throughout the CDBG program.

One of the questions posed to HUD with regard to this hearing is the impact of any potential population undercount in the Dayton area. Dayton is a formula B grantee for purposes of the CDBG entitlement program. One of the factors in formula B is growth lag which measures a jurisdiction's population change in comparison to national population change since 1960. The national population has increased from 177 million in 1960 to 303 million today. Dayton's population has fallen from approximately 262,000 to 156,000 over the same period. Because these two trends are moving in opposite directions, Dayton benefits substantially from the growth lag factor and any population undercount would only serve to increase the amount of CDBG funds directed to the city.

A second question posed by the Committee is the impact of Census data on the Administration's CDBG reform proposal. While this proposal would replace the existing multi-formula structure with a single formula applicable to all grantees, the underlying data used to inform the factors would continue to be provided by the Census Bureau.

HUD has always relied on decennial census data, along with annual population updates, for the purpose of allocating CDBG funds to grantees. The Census Bureau is currently implementing the American Community Survey (ACS) in an effort to collect and provide key demographic information on a more regular basis as opposed to relying on the data collected via the decennial census long form. HUD has, for a number of years, been closely

following implementation of ACS as evidenced by a 2002 study financed by HUD entitled "The American Communities Survey: Challenges and Opportunities for HUD." The study had three conclusions:

- The American Community Survey will benefit both HUD and its clients. Having more current data will improve all HUD activities that make use of long-form data and will create opportunities for new uses of these data by both HUD and cities and counties.
- Substituting ACS data for decennial long-form data will present challenges for some HUD applications and will require the Department to make adequate preparations for the ACS by anticipating problems and devising solutions.

HUD is identifying key implementation issues and will address them in a timely manner as we transition to the use of ACS data. We expect that our strong working relationship with the Census Bureau will be central to our efforts to make ACS work in a seamless manner for HUD, the CDBG program and the communities and citizens that we serve.

Thank you for this opportunity to provide testimony about the CDBG Program and its use of Census Bureau data.